

GOLD

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All figures in US\$, unless otherwise noted.

Companies Mentioned

	Rating	Target
Alexco Resources	NR	NR
Bonterra Resources	NR	NR
Calibre Mining	Spec. Buy	C\$0.40
Cardinal Resources	NR	NR
Contact Gold	NR	NR
Erdene Resource Dev	Spec. Buy	C\$2.00
Filo Mining	NR	NR
Integra Resources	NR	NR
Northern Superior	NR	NR
Oklo Resources	NR	NR
Otis Gold Corp	NR	NR
Reunion Gold	NR	NR
Revival Gold	NR	NR
Skeena Resources	NR	NR
Xanadu Mines	NR	NR

Favourite Explorers from the Beaver Creek Conference — Our “Dirt Dozen”

Event

We attended the Beaver Creek conference for precious metals explorers and developers last week. This is the first of two sister reports, selecting our favourite exploration stories — our “The Dirt Dozen”. The second report will discuss our favourite Development-stage companies, our *Takeover Twenty*.

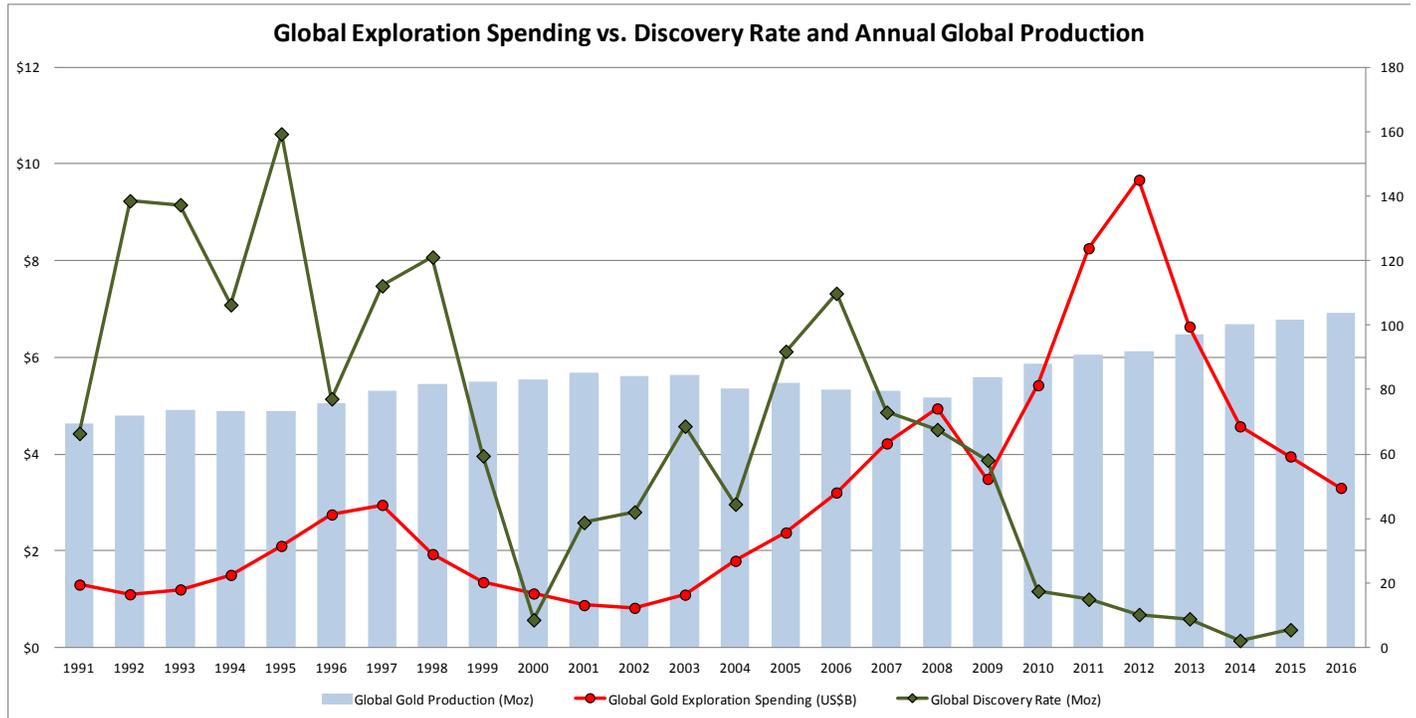
Highlights

- ▶ **Record Attendance by Corporate Acquirers — A Sign the Producers Are Hungrier** | The Beaver Creek conference set yet another attendance record. There was a sea change upward in the number of meeting requests each company received, many with 40–50+ over the 2.5 days. Particularly notable was the increase in corporate development participants representing companies looking for new projects to acquire. This group is clearly hungrier and more serious.
- ▶ **Record Newsflow in Advance — An Encouraging Sign** | There was an avalanche of press releases leading up to the conference, beginning on Sept. 7, more than we have ever noticed. The tone of the conference was quite positive, but this is frequently the case for great conferences. On its own it’s not a particularly reliable short-term indicator, but together with the bulge of good news and record attendance, we think it indicates the new cycle is gathering steam.
- ▶ **Shortage of New Discoveries Makes Good Ones All the More Exceptional** | Our April 24 report, [Profit from the Disconnect Between Production and Discovery](#), quantified the daunting decline in good new discoveries, with the aid of almost three decades of data from SNL. As summarized in Figures 1 & 2, in the 1990–1999 decade, for every ounce produced globally there was 1.4 ounces found in significant new greenfield projects. From 2000 to 2009, the rate declined to 0.7 ounces/oz produced. Since 2010, SNL estimates that only 0.3 ounces have been found. Many of the ounces discovered, maybe one-third, are in inhospitable locations or are uneconomic, making the good ones all the more exceptional.
- ▶ **Explorer Share Prices Well Positioned for Upside** | Technically, the up-cycle began in Dec. 2015. The strong start to 2016 fizzled mid-year and despite a 12% increase in the gold price YTD in 2017, share prices in every tier have lagged, except the Royalty companies and Developers (Seniors 5%, Intermediates 7%, Junior Producers -14%, Royalty 15%, Developers 23% and Explorers 0%). In the next few months, either the equities must move sharply higher to reflect gold’s lift or the gold price must falter, which it has done of late. As shown in Figure 3, gold equities in general are well priced relative to the metal. The table shows the steep contraction of the down-cycle and then measures what proportion of the decline has been recovered so far this up-cycle. The metal has retraced 27% of its \$842/oz from peak to trough, while the Explorer tier has recovered 24%. In the five up-cycles we have experienced, the equities typically led the metal by 2–6 months.

- ▶ **Our Favourite Explorers — the “Dirt Dozen”** | There were a number of new exploration stories, but not many. Our favourite explorers, a group that we will henceforth collectively refer to as our “Dirt Dozen” are each briefly described next. A table containing basic information for each can be found in Figure 4. We do not yet have formal coverage of any of these companies, except Erdene and Calibre.

Conclusion

There are thousands of exploration companies. We have chosen about 80 to monitor, listing them in our weekly MIPP (Mining Industry Price Performance) tables. From this list we have selected the “Dirt Dozen”, a group of particularly exciting explorers deserving special attention. At this point in time, we only cover two — Calibre and Erdene. Wags will be quick to note that there are actually 15 companies discussed in this report. It’s a baker’s dozen if we exclude Filo and Xanadu, companies that our base metal partners are keenly interested in for their copper potential. Call it a “miner’s dozen”. Among the 15, which ones are our favourites? Exploration is such a dynamic business that our answer is just a snapshot in time, like saying which direction a flag is pointed. At this moment, we are particularly intrigued with Cardinal, Filo, Xanadu, Reunion and Erdene.

Figure 1: Global Disconnect Between Production and Discovery


Source: Paradigm Capital Inc., SNL, GFMS

Figure 2: Global New Discovery Table

	1990-1999	Coverage Ratio (Discov/Prod)	Finding Cost (\$Explor/oz)	Annual
Spent Explor \$B	\$12.0		\$11	\$1.2
Discovered Moz	1050	1.4		105
Produced Moz	751			75
New Discoveries	132			13
	2000-2009	Discov/Prod	\$Explor/oz	
Spent Explor \$B	\$15.8		\$26	\$1.6
Discovered Moz	604	0.7		60
Produced Moz	820			82
New Discoveries	93			9
	2010-2015	Discov/Prod	\$Explor/oz	
Spent Explor \$B	\$23.2		\$147	\$3.9
Discovered Moz	157.4	0.3		26
Produced Moz	570			95
New Discoveries	15			2

NB The above 0.3 ratio is based on SNL's assumption that another 98 Moz wb found. Actual has been 59 Moz, which is a ratio of just 0.1.

Based on global discoveries over 2 Moz 1990-2015

Source: Paradigm Capital Inc., SNL, GFMS

Figure 3: Gold Equities: Highs and Lows of the Previous Cycle

	27-Sep-17	YoY Change	Previous Cycle			Current Price		Spread Hi-Low	Recovery to Date*		Notes	
			High	Low	Compression	Chg fr Hi	Chg fr Lo		\$	% of Hi-Lo	Date of Low Price	Date of High Price
Au Price (US\$/oz)	1279.40	-4%	\$1,892	\$1,050	-45%	-32%	22%	842.30	229.80	27%	Dec-15	Sep-11
Au Price (C\$/oz)	1600.08	-8%	\$1,869	\$1,268	-32%	-14%	26%	600.60	331.86	55%	Jul-10	Sep-11
Seniors		-10%			-82%	-68%	149%			22%	Sep-15	Apr-11
Intermediates		-22%			-86%	-65%	158%			28%	Aug-15	Oct-11
Royalties		6%			-70%	-14%	197%			71%	Oct-15	Nov-13
Junior Producers		-35%			-95%	-75%	221%			16%	Jan-16	Feb-12
Developers		-24%			-94%	-70%	309%			27%	Mar-15	Apr-11
Explorers		-22%			-96%	-72%	367%			24%	Apr-15	Sep-11
All Companies - Average		-18%				-60%	234%			31%		
All Companies - Median		-22%			-90%	-69%	209%			26%	Sep-15	Sep-11

Source: Paradigm Capital Inc.

Figure 4: Dirt Dozen Summary

"DIRT DOZEN" - Company Summaries											Resources			
Company	Primary Listing	Currency	Current Share Price	52-Wk High	52-Wk Low	Share Price (US\$)	Market Cap (US\$M)	Flagship Project Name	Project Location	Ownership %	M&I (Moz)	Au (g/t)	Inf. (Moz)	Au (g/t)
Bonterra Resources Inc.	TSX.V: BTR	C\$	\$0.40	\$0.55	\$0.21	\$0.32	\$52	Gladiator	Canada - PQ	100%			0.27	9.37
Calibre Mining	TSX.V: CXB	C\$	\$0.14	\$0.30	\$0.10	\$0.11	\$35	Primavera	Nicaragua	100%			1.21*	0.84 (AuEq)
Cardinal Resources	ASX: CDV	A\$	\$0.71	\$0.78	\$0.19	\$0.56	\$195	Namdini	Ghana	100%	4.3	1.1	3.1	1.2
Contact Gold	TSX.V: C	C\$	\$0.74	\$1.10	\$0.67	\$0.59	\$30	South Carlin	USA - Nevada	100%				
Erdene Resource Development	TSX: ERD	C\$	\$0.73	\$1.40	\$0.36	\$0.59	\$85	Bayan Khundii	Mongolia	100%				
Filo Mining	TSX.V: FIL	C\$	\$2.50	\$3.00	\$1.49	\$2.00	\$125	Filo Del Sol	Chile	100%	4.0**	0.33	2.5**	0.33
Integra Resources	TSX: ITR	C\$	\$1.00	\$1.00	\$0.06	\$0.80	\$15	DeLamar Project	USA - Idaho	100%				
Northern Superior Resources	TSX.V: SUP	C\$	\$0.05	\$0.08	\$0.03	\$0.04	\$12	TPK	Canada - ON	100%				
Oklo Resources Limited	ASX: OKU	A\$	\$0.27	\$0.40	\$0.09	\$0.21	\$64	Croteau Est	Canada - PQ	100%			0.64	1.7
								Dandanko	Mali	100%				
								Moussala	Mali	100%				
Otis Gold Corp	TSX.V: OOO	C\$	\$0.32	\$0.39	\$0.21	\$0.26	\$41	Kilgore Project	USA - Idaho	100%	0.5	0.59	0.3	0.46
Reunion Gold Corporation	TSX.V: RGD	C\$	\$0.13	\$0.17	\$0.03	\$0.10	\$28	Dorlin	French Guiana	75%				
								CMB	French Guiana	100%				
								Haute Mana	French Guiana	80%				
								Aremu	Guyana	100%				
Revival Gold Inc	TSX.V: RVG	C\$	\$0.74	\$0.89	\$0.08	\$0.59	\$15	Arnett Creek	USA - Idaho	100%				
Skeena Resources	TSX.V: SKE	C\$	\$0.06	\$0.15	\$0.04	\$0.05	\$31	Snip	Canada - BC	100%				
								Spectrum-GJ	Canada - BC	100%	3.1***	0.39	0.7***	0.50
Xanadu Mines	ASX: XAM	A\$	\$0.22	\$0.24	\$0.17	\$0.17	\$88	Kharmagtai	Mongolia	76.5%	0.80***	0.51	1.42***	0.28
Alexco Resources Corp.	TSX: AXR	C\$	\$1.81	\$2.66	\$1.47	\$1.45	\$147	Keno Hill	Canada - YT	100%				
											Silver			
											67.9	345	18.0	408

*Primavera contains a 219Mib @ 0.22% Cu (Inf.) Resource

**Filo Del Sol also contains 2.8Bib @ 0.34% Cu (Ind.) and 1.4Bib @ 0.28% Cu (Inf.)

***Spectrum-GJ also contains 1.30Bib @ 0.24% Cu (Ind.) and 0.15Bib @ 0.13% Cu (Inf.)

***Kharmagtai also contains 0.42Bib @ 0.32% Cu (Ind.) and 1.10Bib @ 0.32% Cu (Inf.)

Note: We only show 43-101 compliant resources. Several projects contain historical resources

Source: Paradigm Capital Inc.

Our Favourite Explorers — “The Dirt Dozen”

Out of the literally thousands of exploration companies out there, we monitor approximately 80 at any given time, as part of our weekly MIPP tables (Mining Industry Price Performance). We have selected 15 of what we believe to be the most interesting explorers to come across our desks at this time, dubbing them the “Dirt Dozen”. Ok, it’s a baker’s dozen of gold explorers plus two that our base metal partners are particularly keen on because of their copper. Share prices and various details can be found for each in Figure 4. The companies are presented in alphabetical order.

Alexco Resource: High-Grade Silver in the Yukon with Low Capex Owing to Existing Mill

Alexco is a past silver-producer that shut down its mine in 2013 owing to low silver prices. The company has used the time since to define four deposits that it is now planning will form the basis to re-open operations by late 2018. The initial capex is estimated at C\$26M — very low, because the mill is already built (has been on care & maintenance). The company also renegotiated the 25% silver stream on the project with Silver Wheaton, changing the price paid (by Wheaton) from a fixed \$3.90/oz silver, to a sliding-scale that sees a higher delivery price when the silver price and/or the head grade processed is lower. This eases the financial burden of the silver stream at lower silver prices/grades, providing greater flexibility for the mine. At a spot silver price of \$13/oz and a head grade of 600 g/t silver, Silver Wheaton would pay the maximum price of \$13/oz upon delivery; the flip side being a spot silver price of \$25/oz would result in Wheaton paying \$0/oz for the 25% streamed production. The project appears to have good economics, and the company has C\$26M in working capital and no debt, so it appears poised to bring this project to development without much equity dilution.

Bonterra Resources: Like Avis, Its Number Two, But It Tries Harder

Bonterra has the second-largest land position in the Urban-Barry exploration camp where Osisko Mining is in the midst of what may be the largest drill program (800,000m) for a pre-development asset. Bonterra’s Gladiator gold deposit hosts an inferred resource of 273Koz @ 9.37 g/t gold, which was estimated in 2012. With the work that has been completed since then, it is clear that this resource will have materially grown — we expect it is over 1Moz, possibly even pushing toward the 2Moz mark. If the resource is on the upper end of our estimates, this would be a material project and could attract M&A activity, either from Osisko or another company looking to enter what is unfolding to be a prolific new belt.

Calibre Mining: High Calibre Team, High Calibre Projects

Calibre is a Nicaragua-focused explorer with a 100% interest in the Primavera gold-copper porphyry discovery, the Santa-Maria skarn deposit and two properties under earn-in agreements with mid-tier producers: the Siuna project (Centerra can earn 70%) and the Eastern Borosi joint venture with IAMGOLD (IMG-T, C\$11.25 TP, Buy) (51% with option to increase to 70%). Both companies are active on these properties with drilling ongoing, and the quality of Calibre’s partners is a testament to Nicaragua’s prospectivity and Calibre’s position as the first-mover explorer. CXB is led by a highly experienced management team and board, featuring many of the team members behind Newmarket Gold and Terrane Metals, along with a strong shareholder base of followers. Gold is one of Nicaragua’s top three exports and recorded production in the country has been almost 8Moz, primarily in the area around Calibre’s 876 km² concessions — highly prospective ground. The Primavera property is currently the focus and its status as Nicaragua’s first porphyry discovery adds another dimension to the prospectivity. While none of the four deposits identified to date, totaling 2.3Moz gold equivalent (AuEq), is quite large enough to be put into production, we think there is a good chance that the ongoing drilling campaign at Primavera will push it toward critical mass (currently 1.2Moz AuEq) as additional porphyry cluster targets are confirmed. Primavera has not been drilled since 2012, and the technical team, led by President and CEO Greg Smith, an experienced exploration geologist, has identified several key geophysical and geochemical targets in a 5-km x 4-km area surrounding the known resource. The 8,200m reverse circulation (RC) program began in July and we are looking forward to seeing the first results.

Cardinal Resources: Major New Resource Puts in Elite League

This was one of our favourite new exploration stories from the Beaver Creek conference. Just prior to the conference Cardinal released a new resource of 4.3Moz @ 1.1 g/t Indicated plus 3.1Moz @ 1.2 g/t inferred for its 100%-owned Namdini project in northern Ghana, near the Burkina Faso border. This was a major improvement to the previous resource estimate of indicated 0.9Moz @ 1.2 g/t plus inferred 3.2Moz @ 1.1 g/t. Namdini remains open below the 300–400m limits of the indicated and inferred resource shells. An open-pit mineable resource (350m x 1,150m x 650m depth) of this size and quality is very rare, as we show in Figure 4. There is also strong evidence of repeat structures on the large land package, sufficient to deserve a separate exploration budget, with one of three targets (Kungongo) already undergoing a reconnaissance drill program. Namdini appears to have all the criteria of a major, robust new mine, an average grade of 1.2 g/t, with a strip ratio expected to be under 2:1 and a high-grade starter pit. The only limitation we see is the fine-grained nature of the gold, which is located along the pyrite boundaries and within the matrix. Testwork has shown that it follows the pyrite into a concentrate with approximately a 5–10% mass pull. Further detailed met tests are underway to test finer grinding than the 80% -75 micron used to achieve 86% recovery. A fine regrind (say 20–50 micron) is likely to be necessary, but Namdini is fortunate to be close to grid power. A Preliminary Economic Assessment (PEA) or Pre-feasibility Study (PFS) is now anticipated in spring 2018 (was Q3/17) because Namdini continues to grow, but we believe the project will rapidly track toward a production decision. Cardinal has already had well-known consultants RPA peer-review the resource estimate, arriving within a few percent of what the primary resource estimators MPR did. Nevertheless, because Namdini is so unique, we plan to get a better understanding of both the resource estimate, in particular, and the metallurgy. Once the resource and metallurgical boxes are ticked, we believe we will have sufficient information from comparable mines in Ghana and Burkina Faso to build a good first-pass model. This will allow us to compare Cardinal to other best-in-class Development-stage projects in our *Takeover Twenty*. We expect it to stack up well. Goldfields operates two open-pit mines in Ghana, and on Sept. 26 issued a press release highlighting its current 8.8% equity stake in Cardinal, expandable to 16.7% with its options. The hawks are circling.

Contact Gold: The Carlin Complex Has a New Player in Town

Contact Gold has accumulated a portfolio of properties in the Carlin Trend of Nevada. The focus area, South Carlin, is made up of three separate claim blocks (Pony Creek, North Star and Dixie Flats) totaling 10,500+ ha. The projects are located directly south of Newmont's Rain and Emigrant mines, as well as Gold Standard's Railroad-Pinion project. The claims have seen little work in the past decade — stagnant within *Allied Nevada* (U.S. explorer) until the company's bankruptcy in 2015. Contact astutely acquired the properties and hit the ground running with a boots-on-the-ground mapping and sampling program in early 2017. This year's work focused on the Pony Creek property (7,285 ha), which hosts an historical, non-NI-43-101 compliant resource of 1.5Moz @ 1.2 g/t (Mill City, 2004). The resource body contains higher-grade chutes demonstrated by previous drilling, which included intercepts like 6m of 16 g/t within 99m of 2.9 g/t from historical hole PC-020. Previous exploration work was concentrated around the resource area in the northeast corner of the property where the host horizon outcrops. The company completed detailed mapping and a 4,000-sample geochem program in June and began a 4,500m RC drilling campaign in late July, concentrating on areas of known gold mineralization to expand the footprint of the existing resource. A second phase of drilling, both RC and diamond, will begin in October. In addition to the resource expansion targets, the company will explore newly recognized zones of the exposed sedimentary-rhyolite host horizon elsewhere on the property, identified through mapping and geochemical sampling. Contact's experienced team and impressive property package have attracted several large shareholders, including Waterton (37%) and Goldcorp (15%). With C\$11M in cash, Contact is well funded to progress Pony Creek and the surrounding South Carlin projects toward a revised resource estimate and consolidate the land package into a larger, regional scale picture.

Erdene Resource Development: High-quality Gold Discovery in New Region of Mongolia

This experienced Canadian explorer has a track record of discoveries in Mongolia over the past two decades. Its latest discovery, 100%-owned, was made in late 2015, called Bayan Khundii (BK), a gold deposit located in southwest Mongolia. This is a new gold region with virtually no historical exploration. So far, Erdene has outlined what we estimate is a sweet, mid-sized gold project with healthy upside potential strategically located beside the world's most voracious appetite for gold — China. A resource estimate is anticipated in Q2/18, but our analysis suggests that a ~1.5Moz project grading ~1.6 g/t has already been found. Our back-of-the-envelope analysis indicates that an economic project has already been outlined, or at least one that is nearly economic, meaning that any new resources found will be gravy, such as Erdene's Altan Nar project 20 km to the north. The spatial layout of Bayan Khundii's highest-grade zones is unfolding advantageously. ERD will be able to access the highest 3+ g/t material in the adjacent Midfield and Striker zones early in the mine plan with limited pre-stripping. It also provides considerable flexibility. One could choose to stay with a small high-grade project, deciding later in the project life whether to mine the lower-grade halo. This scalability increases the bandwidth of potential acquirers. As the understanding of the structural controls increases with more infill drilling, there is potential that improved grades will negate the increasing strip ratio to BK's north and bring additional mineable ounces into the mine plan. A handful of other targets have yet to be tested on the Bayan Khundii property. ERD is now also following up a high-grade structure identified on its Altan Nar property in Dec. 2016 (110m of 9.3 g/t) and other targets on that nearby land package. On Aug. 22, Erdene announced that it had acquired a 51% interest (with the potential to earn 100%) in the Ulaan Exploration License located immediately west of Bayan Khundii. The property hosts a main alteration zone having geophysical signatures consistent with porphyry-style mineralization, as well as vuggy quartz veining similar to that seen at Bayan Khundii (epithermal). No systematic or subsurface exploration has been completed on the new property; however, the indications of porphyry-style mineralization and higher-level epithermal style (like Bayan Khundii) are promising as the two system types (porphyry + epithermal) are often related to each other spatially and genetically. Several chapters have yet to be written, but we are confident that the glass is already more than half full for Erdene and that the recent share price weakness is an excellent buying opportunity for one of our favourite explorers.

Filo Mining: Promising Copper Gold-Silver Project in Argentina Progressing Toward PEA

Filo owns 100% of the Filo copper-gold project located in the Andes of Argentina, near the border with Chile. Mineralization is a quadruple layer cake topped with an oxide gold zone, then an oxide copper-gold zone. The third layer is a silver zone, below which is a copper-gold-silver sulfide zone of indeterminate size. To date, exploration efforts have focused on the top three layers. At current metal prices, the recovered value of these three layers would be about \$9B, split 34% gold, 52% copper and 14% silver. A resource update was published on Sept. 18 that showed a 98% conversion of inferred to indicated, an encouraging sign that the geological model is strong. The top layer, the oxide gold zone, contains 0.8Moz indicated at 0.32 g/t and 0.42Moz gold inferred grading 0.32 g/t gold. The second layer is a larger copper-gold oxide zone; 1.64Blb copper at 0.42% copper and 1.63Moz gold at 0.29 g/t gold indicated. Under that layer is a silver oxide layer, 80Moz silver at 70 g/t silver indicated. The sum of the parts is impressive. The combined Indicated resource, net of estimated processing losses, is equivalent to either 7.0Moz gold or 3.2Blb copper, with in-situ metal of 2.8Moz gold, 2.1Blb copper and 102Moz silver. Metallurgical testwork indicates that the oxide layers could be successfully heap leached. Column leach testwork reported on Sept. 25 indicated attractive recovery levels and rapid leach kinetics averaging 93% gold for the oxide gold resource. For the oxide copper-gold layer, it was 82% copper plus 83% gold, based on sequential leaching. Only bottle roll testwork has been done for the silver layer, which showed an acceptable 73% recovery (silver recoveries are often low in a heap leach). Heap leaching, as a process option, has the advantages of: low construction and operating costs; it is quick to build; it requires less water (the oxide copper is water soluble and might not require sulfuric acid), and it does not require a tailings dam. Our highest greenfield project IRRs tend to be for heap-leach projects. Only 2.5 km² of the 7-km x 2-km alteration zone has been explored, while sulfide mineralization found below the oxide has yet to be explored. Filo is owned ~19% by the Lundin family and was spun out of parent NGX in Sept. 2016. A PEA is planned for Q1/18, with a follow-on pre-feasibility for completion in 2018, assuming a positive PEA. We had a great experience with this style

of deposit in Chile (oxide cap, large low-grade copper-gold sulfide resource) with our Exeter call, which was acquired by Goldcorp in March for a 67% premium. Our base metal partners have already included Filo in their research, so we can't technically include it in our "Dirt Dozen", but being half precious metals and half copper at this point we felt we should draw attention to Filo as a very interesting precious metals exploration play.

Integra Resources: Integra Gold Version 2.0; this Time in Idaho

Integra Resources is a company formed by the senior management of Integra Gold, which was recently acquired by Eldorado Gold (ELD-T, C\$4.25 TP, Hold) in a transaction valued at C\$590M. The Integra story was one of the more successful exploration-development stories in the past few years. It acquired a brownfields project immediately adjacent to the former Lamaque mine and successfully defined a 2Moz+ mineable resource, advancing it toward development. In May, Eldorado Gold launched a successful bid to acquire Integra (52% premium) and has now taken on the task of implementing the development. The Integra team then went looking for an opportunity to do it all over again. The opportunity it recently unveiled (Sept. 18) was the DeLamar gold project in Idaho. Integra announced it will acquire 100% of the DeLamar gold and silver project from a wholly owned subsidiary of Kinross for C\$7.5M in cash and the issuance of Integra shares that is equal to 9.9% of all of the issued and outstanding Integra shares upon closing of the transaction. Concurrent to the DeLamar transaction, Integra has signed binding letters of intent with two private entities to acquire patented claims in the past-producing Florida Mountain project, which borders DeLamar to the east. The DeLamar mine has a rich history of over 100 years of prior open-pit and underground mining operations, with total historic production of 1.6Moz gold and 100Moz silver from both CIL and heap-leach operations. The mine was put on care and maintenance in 1998 following low metal prices, and no exploration work has taken place over the past two decades, despite several remaining targets. We spoke with Max Baker at the Precious Metals conference in Colorado — he had been hired by Kinross to conduct an assessment of the property in advance of Kinross putting it up for sale. He told us the summary of his recommendation to Kinross was to keep it and explore it; however, the property having been fully reclaimed by Kinross at substantial cost, the final corporate decision was to sell. Max Baker is now working as Vice President, Exploration with Integra. The team believes it will be able to produce an initial resource estimate shortly (a matter of weeks, not months) with a target of over 1Moz. The initial thesis is to look for the continuation of higher-grade structures that were faulted away and not found by previous operators. Together with the lower-grade bulk mineable potential, the team sees substantial upside to what will be its maiden resource. We were early supporters of the original Integra, and from our initial impressions, we expect to be supporters of Integra 2.0

Northern Superior Gold: Where There's Smoke, There's Usually Fire

We had research coverage on Northern Superior (SUP) in the past, and were attracted to the story by the Ti-pa-haa-kaa-ning (TPK) project in Northern Ontario and its striking similarities of the early-stage exploration results to that of the Rainy River property (then an advanced exploration project held by Rainy River Resources [RR], and now a mine undergoing commissioning owned by New Gold [NGD-T, C\$6.70 TP, Buy). In June 2010, SUP optioned the property to RR to earn-in to a 51% interest through \$11M of exploration expenditures over three years. The TPK project has a massive gold-grains-in-till anomaly significantly larger than the one that led to the discovery of the Rainy River deposit, and a joint venture with RR seemed like the ideal joint-venture partner. However, there was a change of staff at RR, including the key exploration manager, and corporate attention turned back to its own project, and RR ended up doing some exploration but then turned the TPK project back over to SUP in late 2012. SUP had another active exploration project (Croteau Est in Quebec), and with the general downturn in the exploration space at the time the TPK project was put on the back burner, where it sat until 2017. In 2017, the board of SUP underwent substantial changes (though the CEO, thankfully remains) and the company raised \$4.5M in financing (incl. \$2.0M from an Eric Sprott-controlled company) with the express purpose of returning to explore the TPK property. The company press-released its initial work at TPK on Sept. 14, and we were impressed that it was able to glean plenty of information from the work completed by RR during the joint-venture period, and are planning to assay portions of the core it believes were misinterpreted by RR. The company anticipates beginning its own drilling at TPK in early 2018. The magnitude of the gold-grains-in-till anomaly suggests a very rich

bedrock source, and the angular nature of the grains suggests that the grains are unlikely to have travelled very far in the till. With this much “smoke”, we believe there is a very strong likelihood there is a “fire” of a bedrock source, and that TPK could actually be a “camp” scale rather than a single deposit. This is still exploration, and it is a speculative exploration stock, but we are excited to see the TPK property finally receiving a systematic exploration effort after years of sitting untested. The till anomaly is bigger than what found the Rainy River deposit (3.8Moz reserves, 6.4Moz total resources), so could the underlying deposit be bigger? Time will tell. At a current market cap of <\$10M (including ~C\$5M in cash), the stock looks inexpensive just on the basis of the Croteau Est deposit, even ascribing zero value to TPK that we believe could prove to be the flagship asset.

Oklo Resources: Walking Among the Elephants?

While we unfortunately did not meet with Oklo management during the Precious Metals conference, this ASX-listed explorer focused in Mali has caught our attention. Oklo has amassed a large landholding covering over 1,300 km² in a region of Mali that hosts many of the multi-million-ounce (5Moz+) deposits. The Dandoko property is currently standing out as the most prolific, with results to date outlining a 12-km long gold corridor with drilling results returning not only broad intervals such as 73m @ 1.02 g/t, but also impressive high-grade intercepts such as 29m @ 10.42 g/t and 6m @ 53.77 g/t. The company has not yet released any resource estimate, but drilling in the 2017/2018 season is focused on this as a goal. The results to date certainly suggest the potential for Oklo to outline a sizeable gold discovery (2–5Moz?). With the Fekola (5.15Moz), Gounkoto (5.4Moz) and Tabakoto (3.8Moz) mines all in a radius of ~50 km, this region is certainly known for large deposits. This is not “moose pasture”, this is elephant hunting grounds.

Otis Gold: The “Old-Timer” in Idaho Learning Some New Tricks

Otis Gold has been exploring in Idaho for many years at its flagship Kilgore project at which a resource of 820Koz (indicated resources of 520Koz @ 0.59 g/t and inferred resources of 300Koz @ 0.46 g/t) was estimated in 2012. As a quick background, Kilgore saw some past production in the 1930s as a high-grade underground mine, and a few companies examined it for the open-pit, heap-leach potential in the 1980s and 1990s. Echo Bay did the most work as it felt the deposit was very analogous to its Round Mountain mine in Nevada (that mine still in operation, now owned by Kinross), and developed a plan to put the Kilgore deposit into production based on a (historical) mineable resource of 11Mt @ 1.28 g/t producing ~45Koz/year; however, the <\$300/oz gold price shelved the project at the time. The exploration work that has occurred since 2015 shows the potential for very material increases in both the size and grade of the deposit versus the 2012 resource. The major inflection point (or “Aha!-moment”) in the story occurred when Otis’ 2015 Kilgore drill program discovered significant gold mineralization in the largely untested Aspen Formation sedimentary rocks, which lie beneath the volcanics/lithic tuff rock package that currently hosts the majority of the known gold mineralization. This was announced in January 2016, with the best hole being 94.5m @ 4.21 g/t, which ended in mineralization in the Aspen unit. This opened up vast potential as previous drilling had usually stopped when it encountered the Aspen, because at the Round Mountain mine “Type 4” ore was hosted in sediments and it tended to have poorer gold recovery rates (~70% vs. 80–85% in the volcanics). But higher grades can offset lower recoveries. So in 2016, the company dedicated a drill program of 10,000m specifically targeting the Aspen sediments, and has been rewarded with typically wider and higher-grade intercepts than the prior drilling in the volcanics. The success of the 2016 program attracted our interest, and also that of Agnico-Eagle (AEM-T, C\$67.00 TP, Buy), which made a strategic investment in Otis, purchasing a 9.95% stake in February. The company is planning a (much-needed) resource update in Q4/17, and has applied for permits to start exploring several regional targets on its large land package that has similar looking signatures as Kilgore. Idaho is starting to heat up as a region for gold exploration and Otis has first-mover (or maybe second, after Midas Gold) advantage.

Reunion Gold: The Team with the Most Discoveries to Its Credit in the Guyana Shield

While not a formal presenter, Reunion's full management team was present at Beaver Creek. This explorer is the reincarnation of the original pre-eminent explorer in the Guiana Shield during the 1990s, Golden Star, with many of the key players. Reunion has acquired four large gold exploration properties in the Guiana Shield, one of the least explored major greenstone belts in the world. Analogous to the greenstone belts of West Africa, the Guiana Shield broke away from the Birimian Shield following the separation of the Gondwana supercontinent. Not only the ocean now separates the two; we estimate that over the past decade West Africa has had six times as many exploration dollars spent as the Guiana Shield. Recent resource upgrades and discoveries at IAMGOLD's Rosebel mine have highlighted the Guiana Shield's potential to host large deposits, taking this project toward 20Moz, including 5Moz of past production. The new Merian mine owned by Newmont, also in Suriname, continues to expand its resource base currently standing at a global total of 6.3Moz. It is becoming Newmont's most important mine. We toured Reunion's four properties this summer, three in French Guiana and one in Guyana. All four appear to have large gold systems, with extensive artisanal mining having taken place in the past. Only the Dorlin property in French Guiana has had significant drilling, with a non-NI-43-101-compliant 1.4Moz resource from the late 1990s grading 1.1 g/t. French Guiana is a protectorate of France. In 2008, the Sarkozy government set large parts of the country off limits for mining, including Cambior's Camp Cayman project, which it considered too close to a rainforest reserve. This, and the subsequent gold cycle declines, took exploration spending in French Guyana to near zero. Macron, the new President of France, has highlighted the need for mining in French Guiana, an encouraging sign of support that has prompted major gold companies to re-enter the country. Reunion was one of the early movers, accumulating three prime properties in the country. Its property in Guyana, Aremu, is 70-km downstream from Guyana Goldfield's (GUY-T, C\$8.50 TP, Buy) Aurora property. Extensive artisanal workings are reminiscent of the early days of the large Las Cristinas property in neighbouring Venezuela, except Guyana is a much better political regime for mining investment. We raised C\$11M for Reunion to begin a "get-to-know-you" exploration program of mapping, trenching and auger drill testing of the four properties to help the team understand the structural controls and the extent of the gold mineralization, preparatory to a larger drill campaign later in 2018. The team has hit the deck running and we look forward to an exciting few years of exploration.

Revival Gold: Reviving an Old Team in a New Jurisdiction

Revival Gold (formerly Strata Minerals) is the revival of a solid team of people with successful track records in the gold mining business, and the company is now embarking on the revival of a brownfields asset with the goal of returning it to production. Headed by Hugh Agro, the team first acquired a consolidated land package known as the Arnett Creek project, located about 4 miles from the former Beartrack mine which was operated by Meridian Gold. On Sept. 7, Revival announced that it had entered into an agreement to purchase the former Beartrack mine from Meridian Gold (now a subsidiary of Yamana Gold [YRI-T, C\$3.00 TP, Hold]). Revival may acquire Meridian Beartrack by making a cash payment of \$250K, delivering 4M shares of Revival, spending \$10M on exploration and funding certain remediation costs during a four-year earn-in period. The Beartrack mine was operated from 1994 to 2000 and produced ~600Koz of gold. The mine achieved a life-of-mine recovery of 87% based on the cyanide-soluble grade from oxide material during heap-leaching operations. Beartrack was closed at a time when the gold price was below \$300/oz. In 2011, Meridian Beartrack completed an internal review and estimated a remaining resource of 26.6Mt @ 1.51g/t gold (1.30Moz contained). While this resource estimate was internal, and thus not a valid NI-43-101-compliant resource, we believe this can relatively quickly be brought up to NI-43-101-compliant standards. With the Beartrack mine and its adjacent Arnett Creek property, Revival Gold is poised to be able to define a significant (multi-million-ounce) resource and outline a development plan over the four years of the earn-in agreement. Idaho is shaping up to be a significant mining state, with the Midas Gold project (4.6Moz reserves, 6.6Moz total resources) now into the permitting stage, and several explorers (incl. Otis Gold and Integra Resources) active with projects in Idaho.

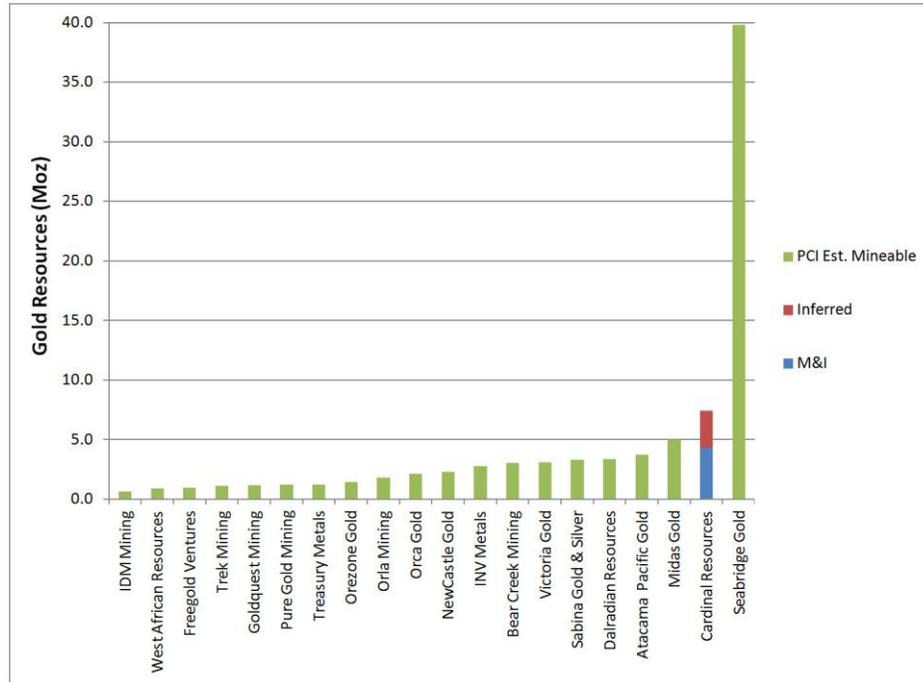
Skeena: Return of Snip

The number of explorers active in B.C.'s Golden Triangle has proliferated like dandelions on a lawn in spring, a region made famous by the massive epithermal gold and porphyry copper-gold system shared by Pretium and Seabridge (SEA-T, C\$20.00 TP, Speculative Buy). However, Skeena's Chairman and visionary geo, Ron Netlinsky, was instrumental in the early discoveries that put Golden Triangle on the map, Eskay Creek and Snip. During the more than two decades we have known Ron, we have profited from his Viceroy discovery in Argentina, now Yamana's Gualcamayo mine, and

before that his Eskay Creek discovery mined out by Prime Resources in 1995–2008 (3.3Moz gold, 43 g/t gold and 130Moz silver, 132 g/t silver). Ron is also given credit for the Snip discovery mined out by Cominco 1991–1999 (1.0Moz gold, 27 g/t). These two latter projects were the predecessors to Seabridge and Pretium in the Golden Triangle. We were, therefore, interested a few years ago when we heard that Ron was returning to his roots, acquiring property in the Golden Triangle. His vehicle, Skeena Resources, run by CEO Walter Coles, will begin a 72-hole underground exploration program in October at the old Snip mine, acquired from Barrick in July 2017. The thesis is that back in 1998–1999 the gold price fell to \$300/oz, then into the mid \$250s, forcing Cominco to high-grade this remote mine, curtailing exploration and raising the cut-off grade to ~20 g/t. With today's higher gold price and a road to the property expected to be in place in 2018, today's cut-off grade would be significantly lower. The drill program is intended to confirm existing known veins (no core remains to allow a NI-43-101 resource) and to target the down-dip extensions. Skeena also has a copper-gold porphyry property called Spectrum-GJ for which it released a PEA in April 2017 with projected production of 1.6Moz gold and 1.0Bib copper (0.32 g/t and 0.28% head grades) and estimated after-tax IRR of 26.6% at \$1,250/oz gold and \$2.75/lb copper. PEAs are generally optimistic; however, they are important de-risking events for shareholders. Spectrum will be of interest to buyers as metal prices rise and it provides optionality that will help underpin Skeena's shares. With Skeena's market cap of \$31M, coincidentally the median of the 80 explorers that we monitor, we doubt that investors have factored much value in for Spectrum, or Skeena's other property in the Golden Triangle, the former Porter Idaho silver mine. Watch for some splashy drill results from Snip toward the end of this year.

Xanadu Mines: Major Copper-Gold Porphyry Discovery in Mongolia

This is a second particular favourite from Beaver Creek, although our base metal colleagues are also enthused. Xanadu is a Mongolian-based, Australian-listed exploration company whose 76.5%-owned Kharmagtai copper-gold porphyry project is located ~120 km from Oyu Tolgoi (OT), Mongolia — the world's fifth-largest copper project. Kharmagtai is within the same Central Asian Fold Belt as OT. The flat, treeless terrain is ideal for exploration, except that most of the area is masked with a thin layer of quaternary sand. Outcrop is sparse. A total lack of inhabitants is ideal for a future mine, should Xanadu be so lucky. The next year or two will tell whether another major discovery will occur among the cluster of porphyry targets identified to date. Drilling to 2015 outlined three near-surface, relatively high-grade copper-gold porphyries over a 1.8-km x 1.2-km area: Stockwork Hill; White Hill; and Copper Hill. A March 2015 maiden JORC resource of these deposits yielded total indicated and inferred resources of 203Mt of 0.34% copper and 0.33 g/t gold, for 1.5Bib copper and 2.2Moz gold. The property had been well explored by others such as QGX and Ivanhoe beginning in 1995. Acquired by Xanadu in 2014, the inflection point occurred in 2015–2016 when high-grade copper-gold porphyry was discovered by deeper drilling than had been carried out by the previous operators. The three known deposits have been partially weathered off and the key Stockwork Hill deposit was truncated by a fault at about 800m depth. On Sept. 18, Xanadu announced that its Hole 419 had discovered what it believes to be the southern down-throw to the south of the main Stockwork Hill deposit, faulted off by Nick's Fault, with an intersection of 234m grading 0.57% copper and 1.04 g/t gold. The unusually high gold tenor is characteristic of neighbour OT. There are indications the grade tenor is improving with depth, with the presence of bornite, a copper mineral with twice as much copper per-unit weight as chalcopyrite, the most common copper mineral. Equally important, recent geophysical and geochemical work has outlined a 10-km x 6-km district where 19 targets have been identified to date, including several where alteration halos suggest the presence of fully preserved porphyries. Three rigs are at work, but with the company having just raised A\$15.4M at A\$0.20/sh (Sept. 28), an acceleration of drilling is now possible. Our network tells us that several major mining companies have visited the property and are quite interested. Other than the obvious comparable, Oyu Tolgoi, our closest analogy is SolGold (SOLG-L, £0.50 TP, Speculative Buy) in Ecuador (market cap \$0.9B), although the latter is significantly more advanced in its exploration efforts for now. Xanadu is listed in Australia, but is seriously considering listing on the TSX as well in 2018.

Figure 5: Distribution of Resource Size – Illustrates the Rarity of 5Moz+ Deposits


Source: Paradigm Capital Inc.

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Company	Ticker	Disclosures
Agnico-Eagle Mines Ltd.	AEM-T	3
Calibre Mining Corp.	CXB-T	3
Eldorado Gold Corp.	ELD-T	3
Erdene Resource Development Corp.	ERD-T	2,3
Guyana Goldfields Inc.	GUY-T	3
IAMGOLD Corp.	IMG-T	1,3
New Gold	NGD-T	2,3
Seabridge Gold Inc.	SEA-T	2,3
SolGold Plc	SOLG-L	3
Yamana Gold Inc.	YRI-T	3

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Total	138		

*Includes companies with a "Tender" recommendation

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