

**Struthers Report V25 # 4.1 Bear Trap, Gold, AMX, RJX.A, REZ, ZON, TLT Mar., 18, 2019**



Know when to hold-em!  
Know when to fold-em!  
Know where to set stops!  
Know when to run!  
Never count your portfolio  
Until the sells are done..

[rhstruthers@gmail.com](mailto:rhstruthers@gmail.com)

519-374-9332

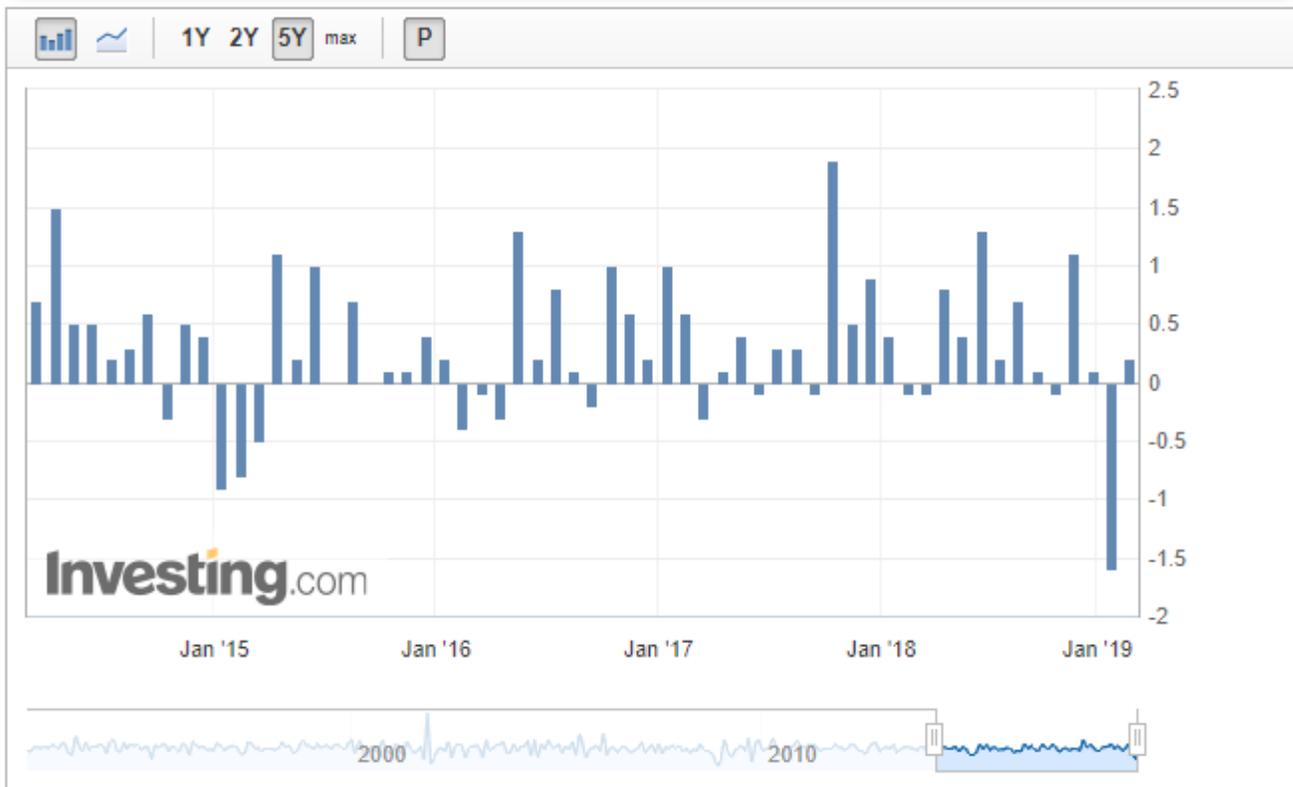
Yearly subscription US\$249

There are many more signs surfacing that show a dramatic economic slowdown, perhaps recession risk too.

The latest U.S. job numbers were pathetic at only [20,000 for February](#). The optimists claim the economy is running out of available workers and others cite an economic slow down. Wage growth is very strong at 3.4%, the best since 2009 so some inflation pressure here. One month does not make a trend so I am not too concerned with this until we see at least another month's data.

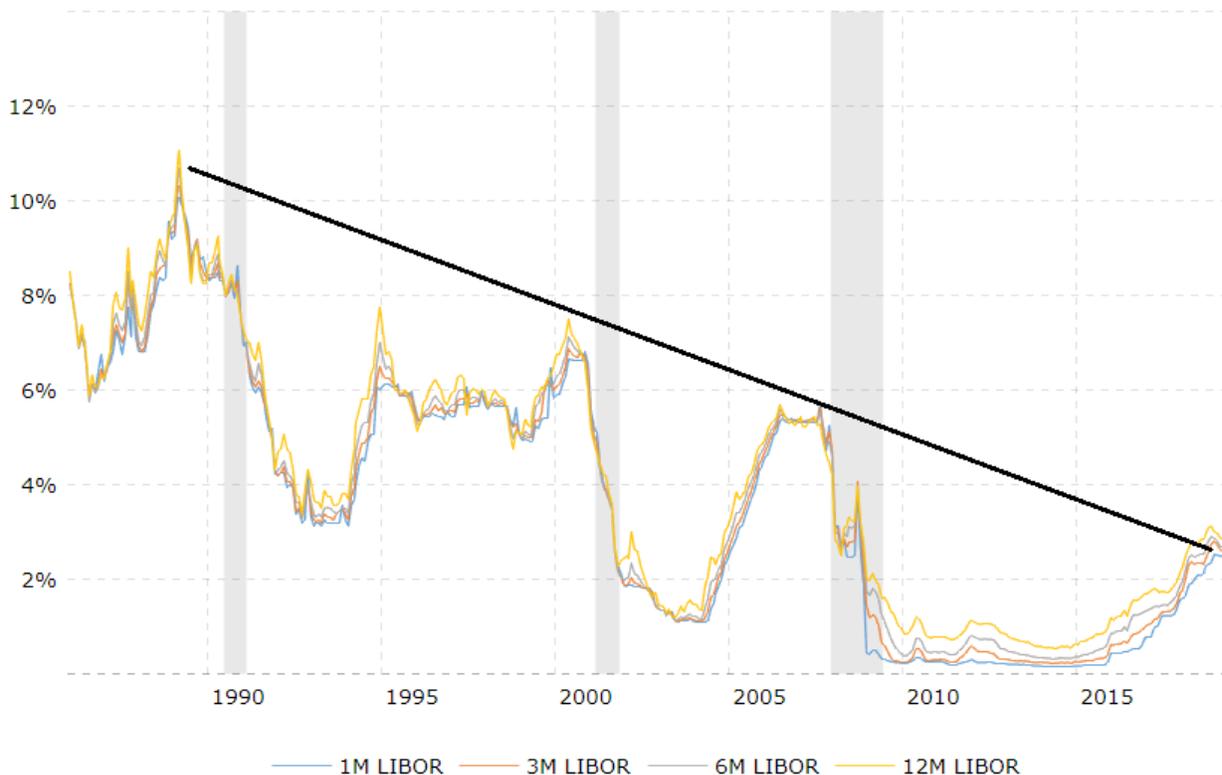
U.S. [retail sales fell](#) 1.2% in December 2018 and are only up 0.2% for January 2019. November 2018 was weak as well. What is more concerning is what some are calling 'retail apocalypse'. Within the first quarter of this year, the number of retail stores set to be closed already surpasses the total number of closures in 2018. Based on information [from Coresight Research](#), more than 6,300 stores are already set to close in 2019. Coresight counted 5,528 closings in 2018 which included the liquidation of hundreds of Toys“R”Us locations in the US, and Kmart and Sears stores.

*U.S. retail Sales monthly*



U.S. manufacturing output fell for a [second straight month in February](#). The Federal Reserve said on Friday manufacturing production dropped 0.4 percent last month, held down by declines in the output of motor vehicles, machinery, and furniture. Data for January was revised up to show output at factories falling 0.5 percent instead of slumping 0.9 percent as previously reported. Economists polled by Reuters had forecast manufacturing output rising 0.3 percent in February. Production at factories increased 1.0 percent in February from a year ago.

This economic slow down comes as no surprise because I have been predicting it with this chart on LIBOR. Interest rates cannot rise as much in each expansion cycle because the debt burden keeps on rising. Therefore smaller rate increases can cause the next recession.



### Europe and Japan are also in economic trouble.

The largest economy of both the euro zone and the European Union, Germany, [reported no quarterly growth](#) in the final three months of 2018, compared with a modest growth expectation of 0.1%. [Japan's exports fell](#) for a third straight month in February in a sign of growing strain on the trade-reliant economy from slowing external demand and a Sino-U.S. tariff war. The trade data comes on top of a recent batch of weak indicators, such as factory output and a key gauge of capital spending, which have raised worries that a record run of postwar growth may come to an end.

[China recently](#) announced that its official economic growth came in at 6.6 percent in 2018 — the slowest pace since 1990. The global economy's in its weakest shape since the financial crisis a decade ago, [Bloomberg Economics analysis shows](#). And the reminders are all around: China got more affirming evidence of its big slowdown, with industrial output and retail sales softening and a jump in unemployment.

**I believe we are headed to one of two outcomes. We will either get another recession 2019/20 or at best stagflation, which is slow growth with rising inflation.**

Consumers are better at predicting a recession than most economists and the Fed, so I follow the University of Michigan consumer surveys. However, the timing is tight as they tend to predict just ahead of the onslaught of a recession. In early March we got a rebound to 97.8, not reflected in this chart but we are in the territory where an expansion is near end of life. With current economic indicators, a drop below 88 would be worrisome so that is the level I am watching.

### THE INDEX OF CONSUMER SENTIMENT



**At home we have another weak signal. Canada's Real Estate bubble has popped.**

Canadian home values fell last year for the first time in three decades amid falling prices in some of the country's priciest markets, even as debt burdens increased. The value of residential real estate in Canada dropped \$30 billion in the fourth quarter to \$5.10 trillion, from \$5.13 trillion in the same quarter the previous year, Statistics Canada reported Thursday. The 1.4 per cent decline is the first decrease in country-wide home values in data going back to 1990.

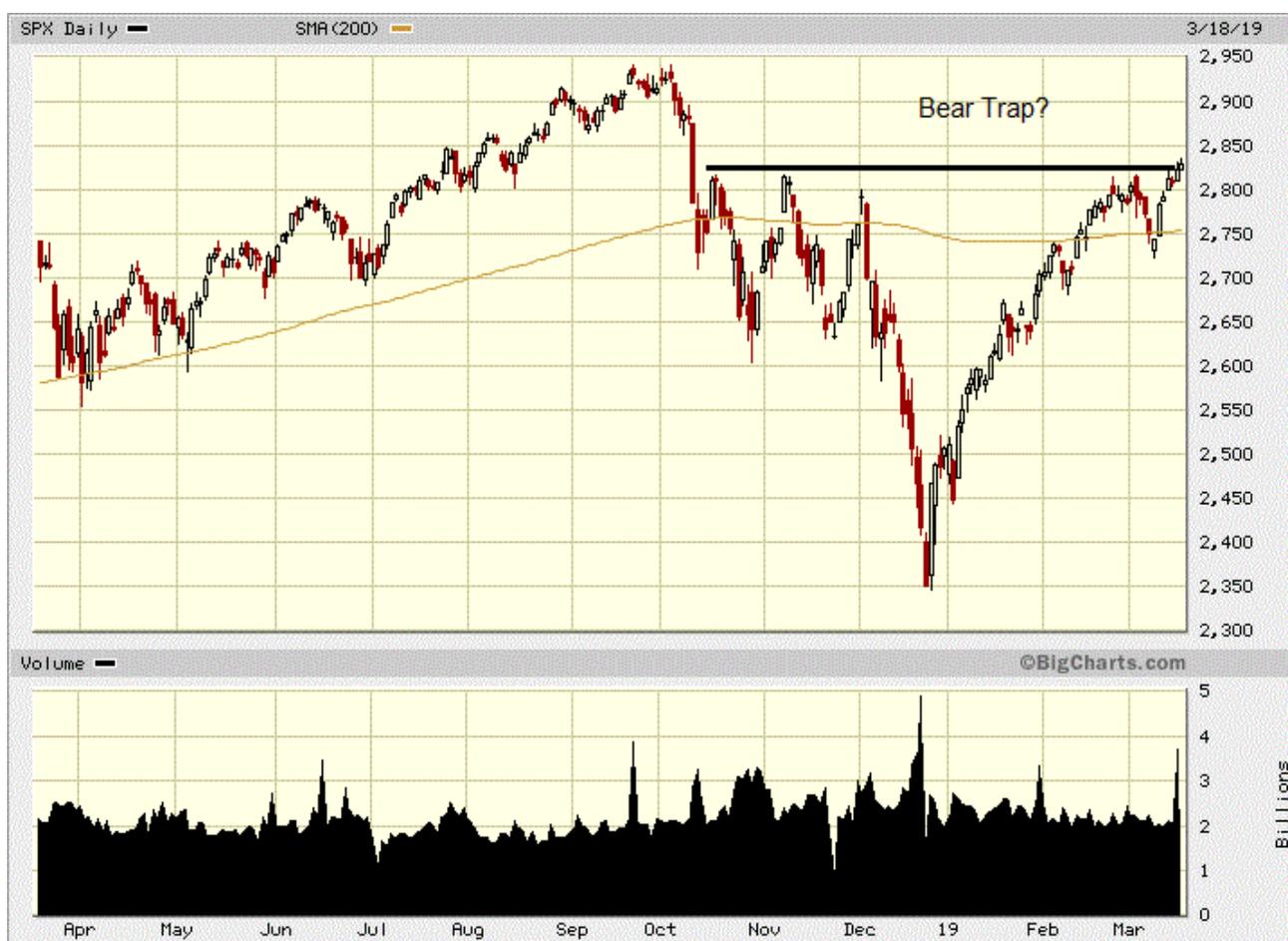
Canadian home prices fell in February for the fifth straight month as most major markets weakened, data showed on Wednesday. The [Teranet-National Bank Composite House Price Index](#), which measures changes for repeat sales of single-family homes, showed prices fell 0.4 per cent last month from January. Except for 2009, when there was a global financial crisis, the decline was the largest for February in 19 years of index history, said Marc Pinsonneault, senior economist at National Bank of Canada.

In the last quarter, the Canadian economy eked out a very small advance of 0.1 percent in the fourth quarter of 2018, slowing from a 0.5 percent expansion in the previous period.

Given all the poor economic numbers, the markets in both Canada and the U.S. seem convinced the Fed response is going to make it all better. I have another word for this, called 'The Great Bear Trap'. I last wrote an article with that title in February 2001 when the NASDAQ had just rallied to around 2800 after it's first plunge from 5,000. The bear market ended in late 2002 when the NASDAQ bottomed around 1,000.

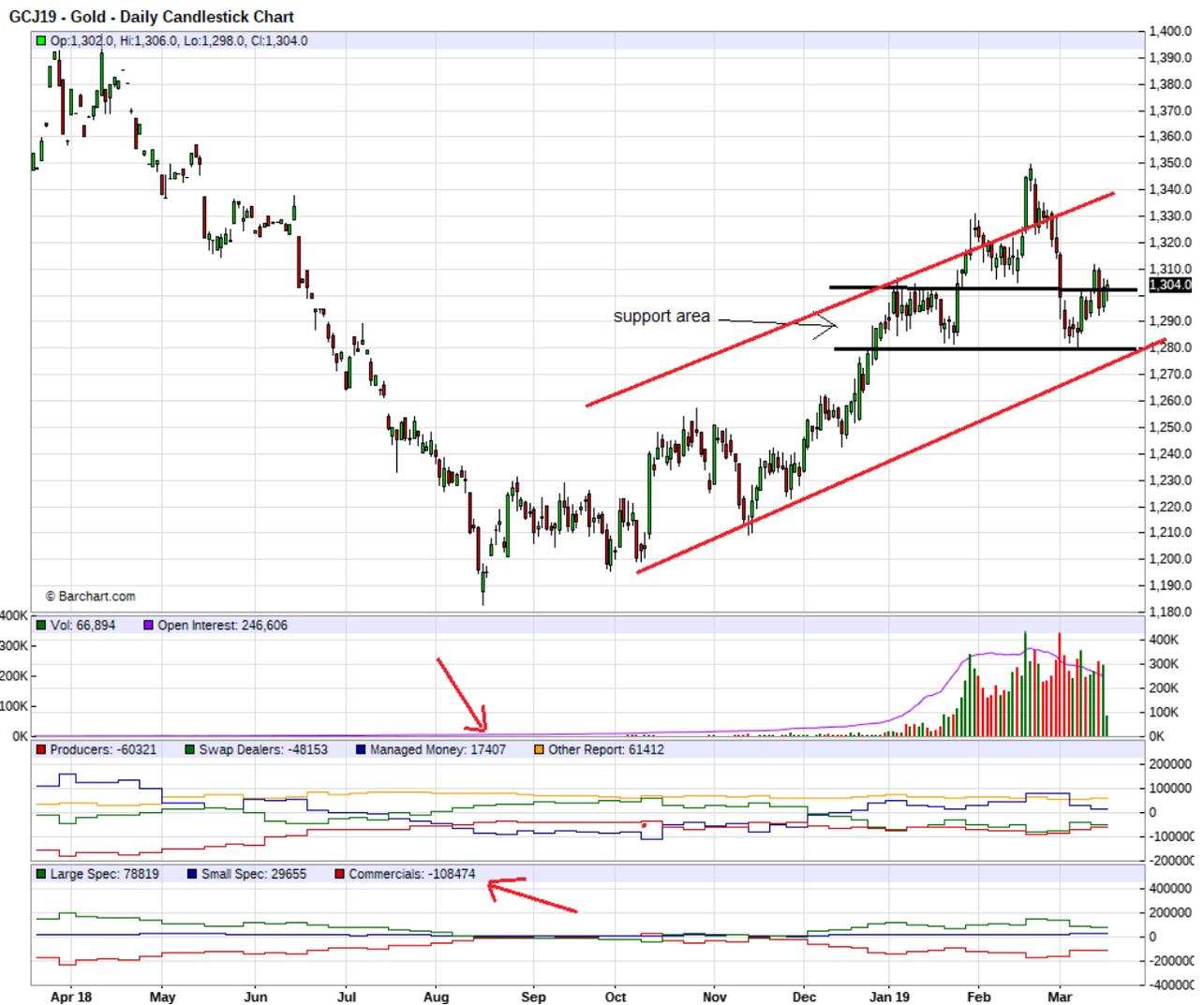
In my last update, I marked 2830 on the S&P 500 chart as my line in the sand. A close above 2830 could be a signal that the bear market has ended, sort of a mini bear. The market ended today at 2833. Given the poor data I have found in the past few weeks, I expect this will probably be a bear trap. The rally could end here or perhaps a double top near 2950. If economic data and fundamentals improve, I could change my mind, but at this point this looks like a dangerous trap for the longs. Markets often move after quadruple witching. This only happens four times a year and the March 15<sup>th</sup> one just occurred last Friday. A good chance markets head down this week.

That aside, I believe the next **major** catalyst is when the Fed actually reverses course and lowers rates. This will be like admitting a mistake and I expect it to happen by years end. The economy acts with about a one year delay to monetary policy, so what we are seeing now is the effect of rate increases about one year ago.



## Gold

When gold broke above \$1340, I thought we could go much higher, but the breakout was just one day, so sort of a sniff. As long as the market holds above \$1280, the bottom of the support area, this up trend is still intact. The COT data is now up to date and managed money has a small long position so room to go higher and the commercials covered some of their shorts on the recent pull back. I do not consider either number to be very bullish or bearish.



\*\*\*\*\* UPDATES \*\*\*\*\*

**Amex Exploration TSXV:AMX**  
**Entry Price \$1.20**

**Recent Price \$1.13**  
**Opinion - buy**

The timing on AMX worked alright as the stock dropped after my newsletter issue. I took the average close for the four days after and made the entry price an even \$1.20.

AMX released another three holes, PE-19-31, PE-19-32 and PE-19-33 on March 13<sup>th</sup>. They hit some more high grade numbers and I thought the stock would go higher on this news, but it appears more consolidation is required since the run up to \$1.50.

Drill hole PE-19-31 intersected 89.59 g/t gold over 1.15 metres including 156.83 g/t Au over 0.65 m at a shallow vertical depth of only 85 m.

Drill hole PE-19-33 intersected 32.11 g/t Au over 7.20 m including 52.19 g/t Au over 0.5 m in the upper vein and 248.05 g/t Au over 0.8 m in the lower vein at a vertical depth of 245 m.

The zone has now been intersected over a vertical distance of 225 metres with a lateral distance of 25 metres to 50 metres pierce point to pierce point with a spacing varying from 25 to 50 metres. The high-grade zone extends to a depth of approximately 280 metres below surface and remains open toward surface, to depth and along strike.

AMX also reported visible gold in core that has been sent in for assay so hopefully some more high grade. These next holes are targeting the zone deeper and often at depth grades can improve. There seems to be about 2 to 3 weeks between drill news as so far they have been pretty short holes. This gives some time to buy before the next drill news.

The chart shows a wedge pattern and let's see if we break to the up or down side. I am betting up! Near term support is at \$0.80 and resistance at \$1.35.



**RJK Exploration**  
**Entry Price \$0.05**

**TSXV: RJX.A**

**Recent price - \$0.09**  
**Opinion – sell at \$0.12 or higher**

Last week RJK Explorations announced the start of drilling to test two potential kimberlite targets at its Bishop Nipissing diamond property in Cobalt, Ont. In addition, Robert J. Mackay will join the company as a director and vice-president of corporate development.

Mr. Mackay is a mining engineer with 33 years of experience in the resource investment business. Before he retired six years ago, Mr. Mackay spent 20 years in capital markets, five years consulting for junior mining companies, and eight years as founder and chief executive officer of Stans Energy Corp., until his retirement in 2013. The company thanks Mr. Mackay for coming out of retirement to pursue this opportunity with RJK.

Mr. Mackay commented: "I am very excited to join RJK Explorations Ltd. and focus on the Bishop diamond properties in Cobalt, Ont. I first heard about the Nipissing diamond when I attended the Haileybury School of Mines years ago. I have known Glenn Kasner for over 35 years, and, when I saw the reports on the RJK website, I immediately became interested to learn more about the history of the diamond. I met with Tony Bishop (the prospector) and his family, who have spent four years of their life researching the history of the diamond, which arguably would remain as the eighth-largest diamond ever found in the world. Their tireless efforts resulted in the acquisition of 18 locations of potential kimberlite pipes that could be the source for the Nipissing diamond. Tony and his family have done all the initial exploration and sampling necessary for tracing and potentially finding kimberlites. While staking, they came across outcrop at one of the targets that appears to be kimberlite. I look forward to pursuing these targets this year in the search for the source of the Nipissing diamond."

Mr. Mackays comments sum up the story here and I met with RJK at PDAC and went over their maps and plans. I have found that drilling kimberlites to find diamonds is a very lengthy process. You can find kimberlite pipes and they might not have any diamonds and if they do, not enough. After RJK drills these two holes, they will need to raise more funding. I would take advantage of any strength and hype in the stock and sell at 12 cents. This would be well over a 100% gain for us. If the results merit, we can always buy back in.



**Redzone TSXV:REZ**  
**Entry price - \$0.12**

**Recent Price \$0.11**  
**Opinion - buy**

Effective tomorrow Redzone is changing its name to Global Battery Materials and the stock symbol will be 'GBML'. The stock has been building a base here between 8 and 11 cents.

**Zonte Metals**  
**Entry Price \$0.15**

**TSXV:ZON**

**Recent Price \$0.29**  
**Opinion – strong buy**

I was doing spring cleaning on my truck this weekend and found a rock sample from Cross Hills under the seat, so I took a pic. Note the green color is oxidized copper.



I spoke with Terry this morning and everything is going well. He is very tight lipped and won't let anything out but he sounded pretty happy with how things are going. We talked about the type of minerals that one is looking for in these systems and that is **Bornite and Chalcopyrite** because they are what carry the copper.

I did a [bit of homework](#) and they are **Not** the same, even though they have the same chemical structures. **Chalcopyrite** is **CuFeS<sub>2</sub>** and **Bornite** is **Cu<sub>5</sub>FeS<sub>4</sub>**. Bornite is an important copper ore mineral and occurs widely in porphyry copper deposits along with the more common chalcopyrite.

They show as different colors and most important from a geological standpoint, the bornite carries much higher copper than chalcopyrite. Bornite is important as an ore because **the copper content is about 63% by mass**. The pic above would be from chalcopyrite and although it carries less copper than bornite, in good concentration it can produce good mines. Chalcopyrite is present in the super giant [Olympic Dam](#) Cu-Au-U deposit.

I don't know when the next news or assay results will be, only with each passing day we are getting closer and I believe the best time to own/buy is before the news.

**Theralase TSXV:TLT**  
**Entry Price - \$0.32**

**Recent Price - \$0.48**  
**Opinion – hold, buy on weakness around \$0.44**

The stock moved and gained respect on news March 4<sup>th</sup> that Theralase has been granted allowance for a U.S. patent to issue later this year for destroying cancer cells with X-ray activated photodynamic compounds (PDCs). The new patent to issue later this year is titled "Photodynamic Compounds and Methods for Activating Them Using Ionizing Radiation and/or Other Electromagnetic Radiation for Therapy and/or Diagnostics." **This might be hard to grasp without a medical back ground, but if you read it slowly, I think you will get the main points of the importance here and how it works.**

Dr. Arkady Mandel, MD, PhD, DSc, chief scientific officer of Theralase and the lead inventor of the technology, stated that: *"In 2019, the company plans to commence a phase II non-muscle invasive bladder cancer (NMIBC) clinical study, which, if successful, may lead to commercialization of this technology in Canada, the United States and the European Union. On top of this clinical study, this patent opens up new possibilities with far-reaching oncological treatment implications, including: targeting cancers that are difficult, if not impossible, to reach with surgery or conventional laser light sources, such as glioblastoma multiforme (GBM), a deadly form of brain cancer; non-small-cell lung cancer (NSCLC); or other deep-tissue-related cancers, such as soft tissue sarcomas. The company is investigating evaluating Rutherrin (TLD-1433 PDC combined with transferrin) in combination with X-ray in a phase Ib clinical study for GBM. This patent, when issued, will validate the proprietary position of the company's anti-cancer technology (ACT) for the U.S. oncology market, demonstrating Theralase's strong commitment to the development of a comprehensive intellectual property portfolio, attractive to a pharmaceutical partner."*

#### About Rutherrin

On the surface of all cells, there are carrier proteins known as transferrin receptors (TfRs). These TfRs' main role is to link with the glycoprotein transferrin (Tf) to enable the cell to absorb iron, an essential element required for energy production and metabolism. Due to the high proliferation rate of cancer cells (which makes them so deadly to the human body), they possess a greater quantity of TfRs and hence they absorb a greater quantity of iron than normal cells. TLD-1433 is a Theralase-patented ruthenium metal-based molecule. Ruthenium is a transitional VIII metal element (as are iron and osmium) in the periodic table that possesses similar properties to iron. Theralase has demonstrated that TLD-1433 bonds with transferrin to produce Rutherrin and, in so doing, TLD-1433 is able to be selectively transported, preferentially and in much higher quantities to cancer cells versus normal cells through the TfR. Once inside the cancer cell, TLD-1433, when light activated, produces a violent form of oxygen, known as reactive oxygen species (ROS), that is able to effectively destroy the cancer cell from the inside out.

According to the Canadian patent's claims that will issue later this year, Rutherrin possesses one or all of the following characteristics:

1. Increased uptake by cancer cells;
2. Increased efficacy at wavelengths less than, equal to or longer than 600 nanometres;
3. Increased production of ROS;
4. Increased photodynamic therapy (PDT) effect under hypoxic or non-hypoxic conditions;
5. Increased maximum tolerated dose (MTD);
6. Increased photostability;
7. And/or increased shelf life.

The Rutherrin technology is patent pending in the United States, the European Union, Brazil, Russia, India and China. These countries account for approximately 65 per cent of the world's gross domestic product (GDP) (2015 statistics). If patents are allowed to issue in these countries, the Rutherrin technology will be able to be fully commercialized and protected in these major medical markets.

The stock was moving up ahead of this news and peaked at \$0.60 the day of the news release. This is a very material development that recognizes the potential of this treatment and patent protection will give it much more value. After such a run, the stock is consolidating and I see good support around \$0.45 and is why I have the current 'buy on weakness' at \$0.44. If you do not own the stock, that is a good entry price.



(c) Copyright 2019, Struther's Resource Stock Report

All forecasts and recommendations are based on opinion. Markets change direction with consensus beliefs, which may change at any time and without notice. The author/publisher of this publication has taken every precaution to provide the most accurate information possible. The information & data were obtained from sources believed to be reliable, but because the information & data source are beyond the author's control, no representation or guarantee is made that it is complete or accurate. The reader accepts information on the condition that errors or omissions shall not be made the basis for any claim, demand or cause for action. Because of the ever-changing nature of information & statistics the author/publisher strongly encourages the reader to communicate directly with the company and/or with their personal investment adviser to obtain up to date information. Past results are not necessarily indicative of future results. Any statements non-factual in nature constitute only current opinions, which are subject to change. The author/publisher may or may not have a position in the securities and/or options relating thereto, & may make purchases and/or sales of these securities relating thereto from time to time in the open market or otherwise. Neither the information, nor opinions expressed, shall be construed as a solicitation to buy or sell any stock, futures or options contract mentioned herein. *The author/publisher of this letter is not a qualified financial adviser & is not acting as such in this publication.*