

Struthers Report V25 # 10.6 Markets, Gold, AMX, BRC, ZON, CLM , DYA meeting Sept. 23/19



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..

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There is a lot I want to cover and a lot happening in the markets of late.

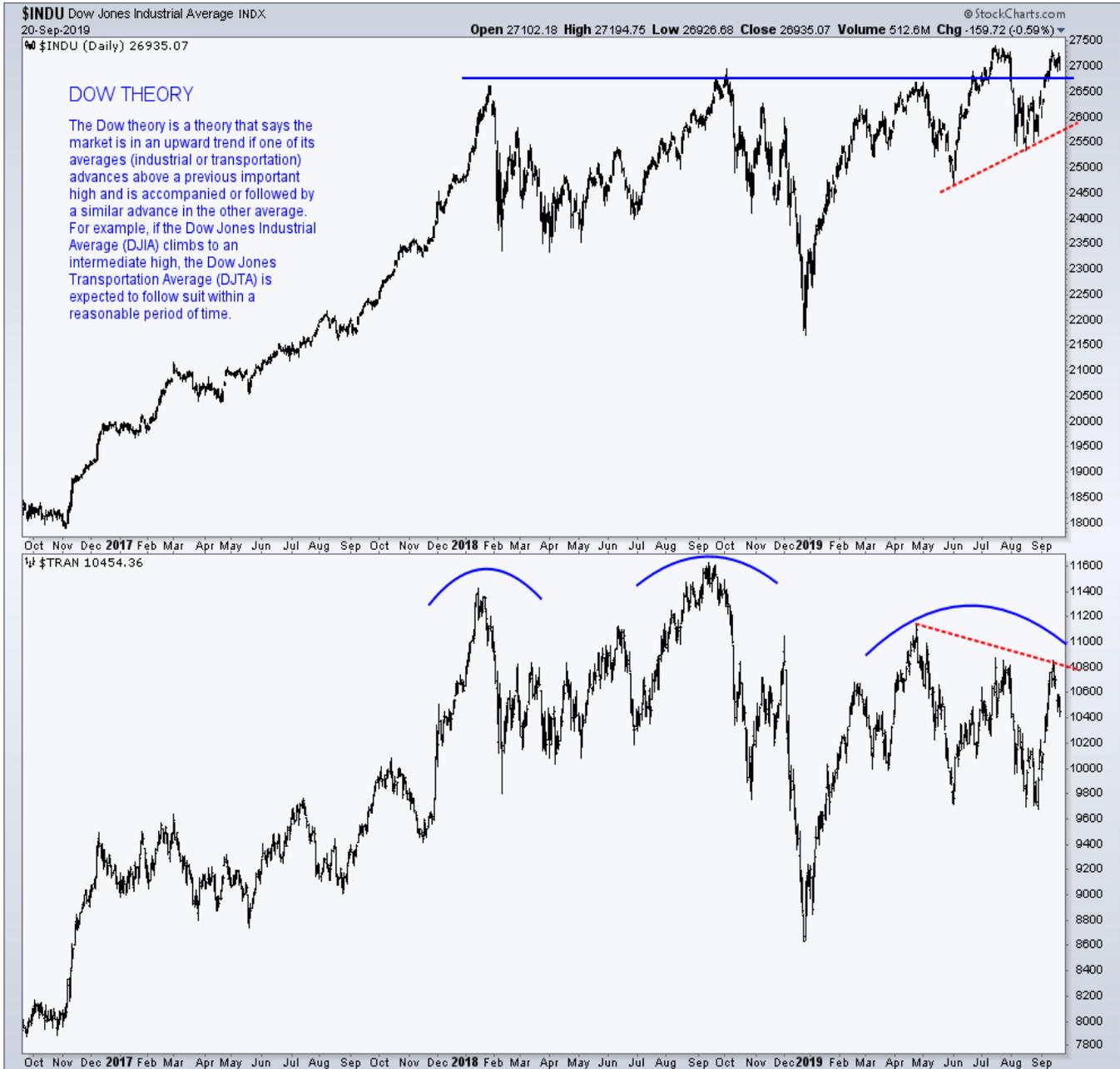


The S&P 500 has recovered to recent highs, but fundamentals are not very rosy. The headline news was another 1/4 rate reduction by the Fed last week, to a target of 1.75% – 2.0%. However, they are having problems implementing it. The repo market is telling us that there is liquidity issues with the big market players. In the past week, repo rates have been soaring to the 4% to 6% range, well above the Fed target.

The Repo market provides short term funding for Wall Street dealers, like hedge funds and banks to fund their trading operations. Often these are just one day loans. **Soaring repo rates signal that there is a problem with liquidity by big market players.** The Fed has been responding with repurchasing operations of \$75 billion per day, but rates are still high. [On Friday the Fed announced](#) that they will conduct daily overnight repurchase operations of \$75 billion per day until October 10th. They will also conduct three 14 day term operations of \$30 billion each.

There seems to be a market cycle of poor liquidity around the September/ October time frame and is one reason I have been warning about market volatility. In the chart above, note the significant plunge that started last October. The other reason is high priced markets accompanying a deteriorating economy.

Another warning signal is from DOW Theory. If the DOW Industrial index moves higher, it should be confirmed by the DOW Transport index. Thus far there is no confirmation of the recent highs in the industrials with the transports lagging, making lower highs and lower lows. It could be argued that there is a longer term or larger pennant playing out, but if there is not a reversal with the transports in a couple weeks, beware. The chart below is courtesy of a colleague of mine.



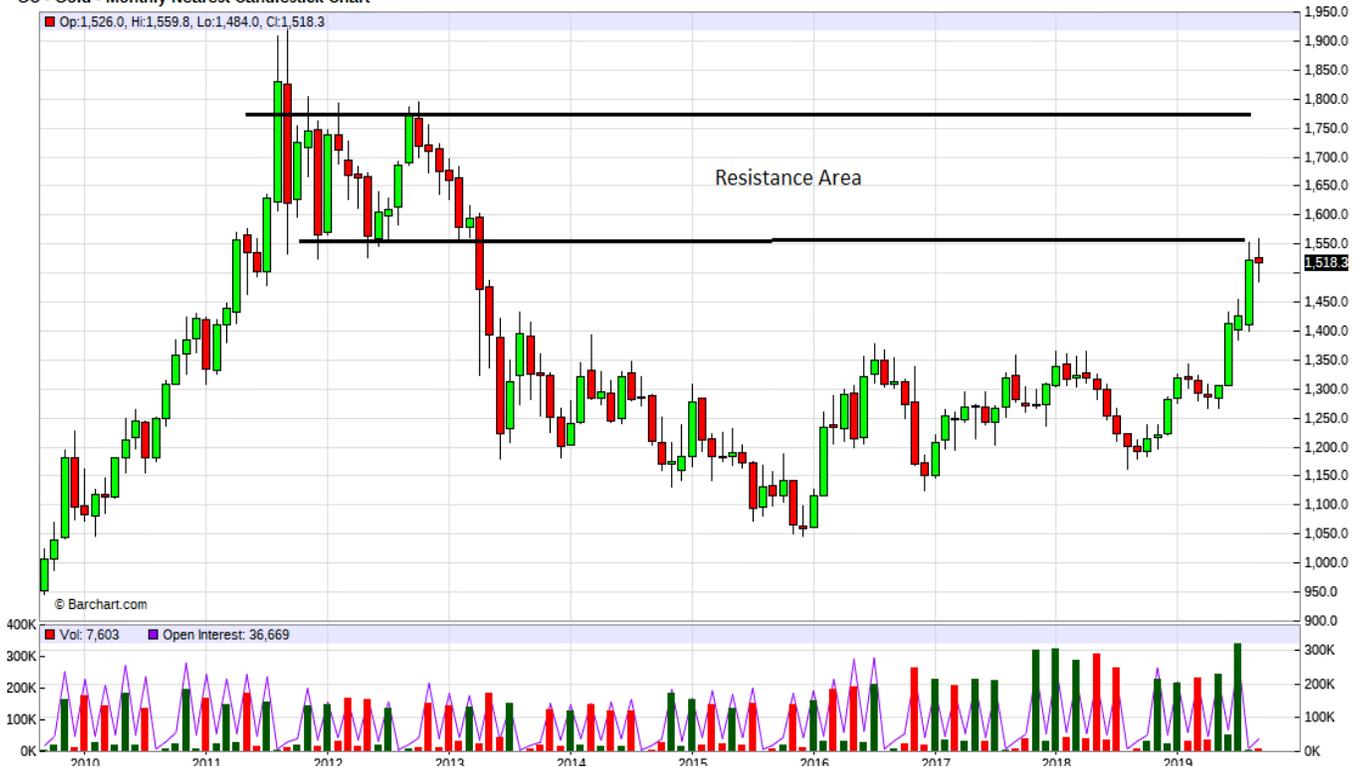
Next is a chart of December Comex Gold. As I mentioned before, a consolidation of the recent highs is no surprise and we could see a further correction. Thus far on the downside, my support level around \$1500 has held, with next support around \$1425. To the upside we want to see a break to new highs, above \$1560.

GCZ19 - Gold - Daily Candlesstick Chart



I would also like to show a 10 year chart. I have a \$1600 target because that is where I see the long term resistance relating to the 2011 and 2012 high trading range. Technically gold has made it to the bottom of the resistance at \$1560. I summarized it would go a bit into the resistance area and be drawn to the \$1600 even number. I am still sticking with \$1600 for this year and the ultimate break out or next level to over come in this bull market is around \$1800.

GC - Gold - Monthly Nearest Candlestick Chart



Before long, gold will go above \$2,000, but around \$1,500, it makes new discoveries worth a lot of dollars. The TSX Venture index has done nothing, trading sideways between 580 and 595 in the past month. Although the rally in gold stocks has been decent, the market is reflecting very little in the stocks for almost a \$300 move higher in gold. I came across an article that gave obvious evidence that gold mining stocks are the cheapest they have been in 100 years. If I find that again will let you know. The next chart is the HUI index and as summer ends today. The summer rally is decent but we have yet to reach the 2016 highs in the index when the gold price was \$1350 and also had a \$300 price rise.

Market Summary > HUI Gold Index

INDEXNYSEGIS: HUI

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222.53 +4.30 (1.97%) ↑

Sep. 23, 11:02 a.m. EDT · Disclaimer



I believe it is only a matter of when, not if that the mining stocks move a lot higher. In the meantime we normally have a handful of mining stocks at any given time that are doing well, Recently it has been Amex, Blackrock and Zonte.

Amex Exploration
Entry Price \$1.05

TSXV:AMX

Recent Price - \$1.27

Opinion – buy on weakness

The market is finally giving this story more appreciation after the latest drill results announced last Thursday. That included a drill intersect of 14.6m of 16.48 g/t Au at their Perron project. Amex released results of several drill holes on the Gratien gold zone on its Perron property and has completed approximately 27,000 metres during of its drilling campaign. Amex plans to drill an additional 15,000 metres during 2019 (above paln) for a planned total of 40,000 metres, using two drill rigs. This continued drilling will focus on expanding the Eastern gold zone (EGZ), the Gratien gold zone and the Grey Cat zone, as well stepout exploration drilling along strike from the known mineralized showings. This additional drilling is fully financed from existing capital.

The company initiated a drilling campaign on Gratien utilizing the same targeting methodology that was applied to identify the bonanza grades at the Eastern gold zone. The Gratien is located approximately 1.5 km from the EGZ and is a kilometre-long mineralized system comprising several lenses of gold mineralization.

- Hole PE-19-89 intersected 16.48 g/t gold over 14.60 m including a very high-grade core of 47.69 g/t Au over 4.95 m with individual intercepts of 315.40 g/t Au over 0.50 m and 102.96 g/t Au over 0.70 m at a vertical depth of about 145 m.
- Hole PE-19-71 intersected 3.13 g/t Au over 12.80 m including 68.99 g/t Au over 0.50 m at a vertical depth of about 185 m. Hole PE-19-72 intersected 29.21 g/t Au over 1.30 m including 75.56 g/t Au over 0.50 m at a vertical depth of about 85 m.
- Hole PE-19-73 intersected 2.45 g/t Au over 15.20 m including 46.68 g/t Au over 0.50 m at a vertical depth of about 125 m.

The comment in the news release sums things up well and I agree with the potential of this project and with the chart below, so is the market.

Victor Cantore, CEO of Amex Exploration, commented: "Our Perron property, which is of district-scale potential, continues to return very high-grade gold intercepts across the project. The results from the Gratien zone indicate a very robust mineralized gold system. We look forward to continuing to define the potential of the known gold zones on the project, as well as regional exploration of undrilled structures to the east, west and north of the known 2.4 km highly mineralized corridor. The Perron property hosts two faults each measuring seven km which are dramatically under explored. The exploration upside potential here is incredible."



The stock chart shows a steady rising pattern of higher lows and it appears it has just broke to the upside through a wedge pattern. First resistance is about \$1.30 that was tested today and above that is \$1.50. Any correction towards the rising bottom trend line, say just above \$1.00 is a strong buy

Blackrock
Entry Price - \$0.14

TSXV:BRC
Opinion - strong buy

Recent Price - \$0.29

Today BRC announced that the found 8 new veins and expanded soil anomaly at Silver Cloud Property in Nevada. BRC completed detailed mapping and received assay and geochemical determination from an additional 342 soil samples collected on the northeastern portion of the Silver Cloud project on the Northeast Veins Target. The soil survey confirms and expands the previously announced soil anomaly (See July 29, 2019, news release). The 30mX100m, north-south oriented grid lines were designed to accentuate the east-west oriented alteration zones identified in the NE Veins Target.

On Humdinger Ridge and Honey Hill, several outcropping veins have been identified and mapped. The veins cut Miocene-age volcanic rocks which lie immediately above the Ordovician Upper Plate sediments. The geologic setting is significant since the Hollister mine lies just 3 kilometres east of the target area and has similar geology. Six opal/chalcedony veins have been identified on Humdinger Ridge. The veins are purple, a result of cinnabar and hematite minerals, and strike northerly, northwesterly to northeasterly, dip steeply and vary from less than 0.5 metres to greater than 5 metres in thickness. These veins occur over a one square kilometer area. Approximately 400 metres north of Humdinger Ridge, mapping at Honey Hill has identified two similar veins that are oriented in a west-northwest direction. All veins lie within an east-northeast oriented structural and alteration corridor that is 1200 metres long and 575 metres wide. The structural zone is open to the east and west.

Arsenic and mercury show east-west and northeast trends on Humdinger Ridge, Honey Hill and immediately south of the Surprise mercury prospect. The arsenic anomaly has expanded from 1000m by 600m to 1300m by 700m and is still open to the east and northeast toward Hecla's Hollister mine. Arsenic values between 23 ppm and 78 ppm form the anomaly. Mercury follows northeast, northwest and east-west structures over Humdinger Ridge and Honey Hill. There is a broad mercury anomaly, 200m by 350m, located south of the Surprise mercury prospect with values between 2 ppm and 15 ppm mercury. The anomaly is open to the north and northeast.

This might sound like a lot of geological hodge podge but it is important to do good surface work before drilling. BRC expects to be drilling around month's end, as the drill rig is currently at the Hollister mine and will move to Silver Cloud when finished.



The stock chart has shown a pattern of a significant rise, a consolidation and then the next rise. This recent consolidation is a buying opportunity, as I believe we will see another significant rise before drill results. The CEO's comments from the news release put it in some pretty exciting perspective.

Andrew Pollard, CEO stated, "*With a total of 8 veins now identified at surface, an expanding and open geochemical anomaly that sits atop gravity lows, and just 3km directly to the east of Hecla's nearby Hollister mine, the previously unexplored NE Veins target is shaping up to be a significant exploration play.*" He adds, "*It's truly amazing that a project that sits surrounded by some of the largest and highest-grade gold mines in the world, in a tier-one jurisdiction, and previously explored by the likes of Teck and Placer Dome, can deliver such a compelling, and untested target with surface expressions like this. It's hard to comprehend **how this project has sat undrilled over the past 15 years, but therein lies the opportunity for us.** Management is contemplating a phase two drill program targeting the NE Veins target, likely with some overlap of the upcoming 2000m program that is to follow up on the past high-grade intercepts of both Teck(158g/t Au over 1.5m) and Placer Dome(12m of 5.5 g/t Au). We are excited to finally bring drilling back to Silver Cloud.*"

Here are new key points as things have developed over the past few months.

- Blackrock Gold TSXV:BRC - Current Market Cap: \$17.5m @30c/ Avg. Daily Volume: 356k
- Bringing drills back to the Silver Cloud LS Epithermal Gold project for the **first time in 15 years**, following up on past high-grade intercepts from Teck/Placer
- 40 sq km land package on the Northern Nevada Rift, **directly adjacent to Hollister and a stone's throw to Midas mines**
- Limited drilling (8,000m at depth) by Teck and Placer encountered **multiple high grade intercepts throughout the property including** 1.5m of 157g/t Au, and 12m of 5.5 g/t Au (incl. 1.5 of 12.5g/t Au); despite high-grade hits on little drilling, this will be first drill program on project in +15 years.
- Former Head of Exploration, Americas, for Placer Dome, Bill Howald, with previous history with project directing exploration.
- **New geologic interpretation suggests 2km of high-grade strike potential with veins running in East/West orientation.** All previous drilling was done under impression system ran North/South, meaning the Teck discovery and the Placer discovery were both treated as two separate systems---- BRC now believe they are part of the same system.
- Potentially 5 east-west veins and two porphyry intrusives by modelling the historic drill holes.
- 2,000m drill program set to commence within days to test East/West strike potential
- New drill-ready anomaly identified this summer, called the NE Veins target, by both geophysics and Geochem, was discovered to have 8 outcropped veins at surface. This is an undrilled section of the property, and lies 3km directly to the west of Hollister. Veins at Hollister run east/west, **meaning this could very well be the continuation of that system.**
- Roughly \$2m worth of warrants outstanding priced between 10c and 20c (most of which with forced conversion provisions) means that with any success on the initial drill program, should allow for drills to keep turning through the end of the year. A second rig is being considered to test NE veins target, that will likely overlap our phase one program.

The most recent presentation [can be found here.](#)

Zonte metals TSXV:ZON
Entry Price \$0.15

Recent Price \$0.32
Opinion - buy

I am anxiously awaiting results of the gravity survey and the next drill program to start at Cross Hills. We could see this news any day now.

I have heard some shareholders of Zonte complain that there should be more promotion of such a great story. More money spent on advertising and promotion. I agree that often this is well worth while, but often it is not. I have known Terry Christopher, CEO of Zonte and Richard Savage CEO of Crystal Lake for over 20 years. Both of them are hard working, honest and had great success over the years.

Both companies have active exploration programs on very good projects and have put out good results and news. The big difference is that Zonte has spent nothing on promotion while Crystal Lake has a considerable promotional budget. I am not saying either is wrong for doing so or not so, but depending on the market one turns out to be poor approach and the other better, Here is a chart of the performance of the two stocks in the past year. Zonte is up 10% and Crystal Lake is down -50%. So much for promotion. However, this highlights one of the worst bear markets in junior mining in history. Promoters have often just been using volume to bail out their stock to collect pay, none of them have confidence in higher prices.



Crystal Lake
Entry Price \$0.30

TSXV: CLM

Recent Price -\$0.20
Opinion – strong buy

On the topic of promoters, sometimes it results in lets call it the 'Angry promoter'. Something goes astray not to their likely and they get very upset and angry. It can evolve to the point that they want to take it out on the company. They sell stock not based on fundamentals or chart technical, they don't even care if they sell for a loss. They are selling on emotion and trying to inflict the most pain as possible on the company and investors with a low stock price. There is a saying that 'misery loves company' and that is what they seek. **This provides a great buying opportunity.**

DynaCERT
Entry Price \$0.30

TSXV:DYA

Recent Price \$0.60
Opinion – strong buy, back up the truck time

DynaCERT is not one of my gold picks but in my Disruptive Technology list. I can say that this company will be very disruptive with enormous potential. I attended their Annual General meeting on Friday and met with much of the management team and got all the latest and greatest on where the company sits and expects to go. The company reminds me a lot of where Heelo and Drone Delivery are today and where Research in Motion (Blackberry) was when they first started out. In fact I sat beside a DynaCERT employee who worked for Research in Motion in the early days. He has been instrumental with DYA's patent direction and mobile app. What all these companies have in common and had, in the case of Blackberry is new disruptive technology that is proven to work and is endorsed in the industry but has yet to be fully discovered and appreciated in both their respective industry market and investment market. When that happens, these types of stocks can go up 100 fold.

In simple terms, their technology uses distilled water through a unique electrolysis system to create oxygen and hydrogen. That is then used in the proper amounts to inject in the engine intake system to provide better fuel combustion. This results in better fuel economy and very significant reduction in emissions.

The market for this is simply enormous because it can be used on many types and sizes of diesel engines, on road, off road, reefer trailers, power generation, mining, forestry, marine and railroad locomotives. An independent [research report from GBZ AG](#) last week out of Europe puts the market potential at over US \$6 trillion, that is with a 'T' and I concur on that number, just add up diesel engines. I took some pics of the units at the AGM. The HG145R shown below is for up to 15 litre engines, mining and agriculture industry. The HG 145 is similar size but for diesel trucks and buses with 5 to 10 litre engines.



This unit is similar but water proof. I am just showing a bigger picture to see more detail.



The company has HG2 for light trucks and refrigeration, the HG145-4C for marine, rail and power generation 40 to 100 litre engines and the HG145-6C for more than 100 litre engines

DynaCERT's technology is patent protected and even if a competing technology comes along, it would take 2 years or more to get certified. You cannot just slap add ons to vehicle engines because it would void manufacturing warranties. Not only does their technology improve fuel consumption and reduces emissions but also provides fleet management software and a carbon credit monetizing system. The company can literally make money from the exhaust pipe.

A HydraGen TM unit provides a link via Bluetooth to the driver's cell phone, updating in real time. All the data gathered by the unit is uploaded into the cloud for real time fleet management. The driver also gets an alert on his phone if distilled water needs to be filled.

DYA's main product, HydraGEN TM, costs between USD \$6,200 and \$8,000 and has an ROI of 9-18 months based on their fuel efficiency. DYA with a financial partner offers a monthly payment solution for HydraGEN TM clients, limiting their capital expenditure for acquiring and in-stalling dynaCERT products.

Carbon Credit Technology

In order to receive accreditation for their carbon credit calculations, dynaCERT has created an innovative proprietary software algorithm: SMART ECU2 (patent awarded). This unit tracks the creation of carbon credits. In order to secure the data, dynaCERT has hired [FinTech entrepreneur Brian Semkiw](#). Mr. Semkiw is known for developing the world's first third generation processing payment company with emphasis on Blockchain and IOT payments processing solutions. His talk at the annual meeting was excellent and well received. DYA has the right guy for the job at hand.

DYA will likely use smart contracts based on a Blockchain technology, or new state of the art payment security software, to create and trade single carbon credit units with very low fees. This technology, both the carbon credit calculation and smart contracts, will provide dynaCERT with a unique Carbon credit system, sort of like a carbon token. This opportunity could become the company's biggest source of revenue once DYA reaches certain threshold of HydraGEN TM units installed. Emission reductions are measured right from the manufacturers on board computer that is already accepted and certified for emissions.

Certification is very important

DYA just received the ABE certification from Germany. This is a trans-formative step in the history of the company as they can now sell their products in Europe. Furthermore, the certificate is recognized in Asia, South America and the Middle East. Some of this detail below is from the above mentioned research report out of Europe.

EuropeTÜV Nordis a certification company for health and safety that was founded in 1910. Facilitated by the Federal Motor Transport Authority in Germany, dynaCERT mandated them to test and certificate HydraGEN TM for the EU market. Their certification is a must for any device installed on a vehicle. Without their ABE (Allgemeine Betriebserlaubnis) certification, an automobile component cannot be sold and installed legally in Europe. All the appropriate tests have been conducted and the HydraGEN TM technology has passed all test points. The ABE certification was received by the company on **August 26th, 2019. This certification was the missing key to mass adoption of HydraGEN TM by the transportation industry.** North America (Canada, USA) PIT Group, a division of FP Innovations is a neutral, third-party organization that tests heavy truck technologies, evaluates their operational effectiveness and offers fleet advisory services. Their goal is to accelerate large-scale implementation of technologies in each phase of the transportation system aimed at reducing costs and environmental impacts and increasing the safety of truck fleet operations. They have been active in the field of transportation for over 35 years. The PIT Group tests new technologies and pro-to types on effectiveness and compliance with US and/or Canadian regulations, as well as assessing fleet operations and develops smart mobility solutions. PIT Group's Energotest is recognized in the trucking industry as the gold standard for fuel economy tests and is ISO-17025-certified by the Standards Council of

Canada (SCC). Fleets across North America rely on PIT Group's insight and advice to select the best technology to reduce costs and environmental impacts and to improve their operations and maintenance. dynaCERT's HydraGEN™ was tested in two test segments between June and October 2017. The PIT Group found a fuel economy of up to 5,53% as well as serious emissions reductions of about half for THC, CO and NOx values.

The Solution to Pollution, DYA's technology could single handily move the world beyond the next level of carbon and emission reductions struck in the [Paris accord](#). Some tests proved carbon emissions of the most harmful gases were reduced by over 80%

The HydraGEN technology, designed and made in Ontario, has been tested and independently third party verified to:

- Reduce greenhouse gases such as lethal nitrogen oxide (NOx) emissions by up to 88 per cent;
- Reduce carbon monoxide (CO) emissions by up to 51 per cent;
- Reduce hydrocarbon (THC) emissions by up to 50 per cent;
- Reduce particulate matter (black smoke) by up to 74 per cent;
- Reduce diesel fuel consumption by up to 19 per cent.

DYA is on the brink of many massive sales orders for their technology. They have set up a world wide sales and distribution network and once a number of know companies sign purchase orders, sales will snow ball. Their market is huge and at this point they are only 0.001% up the 'S' curve of innovation acceptance.

If the millennial investors discovered this company, the stock would take off like Beyond Meat Nasdaq:BYND and probably go beyond meat, get the pun LOL. I would also encourage you to read the [independent research report](#), they did over 3 months of due diligence and it provides excellent detail. They have a conservative target on the stock at this time based on current sales at C\$1.90.



On the chart there is resistance around 60 cents that goes back 2 and 3 years. Often when investors bought at those levels and the stock goes down, they sell when it rebounds, glad to get back their money. Once again, another example of investing with emotion.

And one more key point I asked about at the meeting. Can this be used on gasoline engines? The answer is yes and this would be another huge market.

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