

**Struthers Report V26 # 6.0 Gold, Sandstorm SSL, Stopped out of most Golds Mar. 17, 2020**



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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**Today, we are going with the luck of the Irish and tipping a toe back in the market.**

With gold there has been an obvious pattern to this sell off. It starts and lasts from around 5AM to 10AM each day. This could obviously be the foot print of intervention and/or for sure ties to the normal open of Comex. Maybe traders are getting up earlier in North America. It does not matter the reason, but the pattern does. If this pattern breaks, it could be a good signal that the correction in gold is ending. This gold chart is at around 8:30 AM and if gold does not sell down below \$1460 this morning, then the selling pattern is broken.

1-Day **5-Day** 1-Mth 3-Mth 6-Mth 1-Yr 5-Yr 20-Yr  
GCJ20 - Gold - 30 Minute Candlestick Chart

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With the gold stocks we are **being presented with a historic buying opportunity**. Good is being sold with the bad. Stocks/companies that will see no or little effects from covid19 are being sold. **The market is not rational, it is in a panic.**

Palladium sold down in last 3 days, dropping \$1,000 per ounce. Bitcoin has declined - 60% in a few weeks. So much is being sold in a panic with investors forced to raise cash or are just plain scared. Their making decisions based on emotion. The best stocks are being liquidated just because.

With gold stocks the **velocity of the decline is highest in history**. The major equity markets have big declines and it is over a course of 3 **weeks**. The majority of gold stock's decline has been over 3 **days**.

**Yesterday was a very strong reversal day for gold stocks.** The GDX opened at new lows in this correction at \$16.75 but closed up at \$22.49. **That is a +34% reversal. The GDXJ was the same with a +35% reversal.**

This is a strong signal the gold stock correction is ending and with that I am suggesting what I believe is one of the best bargains out there, a gold royalty company. Typically these companies or stocks are less effected by a gold price change because the royalties received does not change much compared to the cost structure of the royalty company. Gold producers can be affected a lot by gold price movement depending on their all in sustaining costs.

Many of you will be familiar with the enormous gains we made with Franco and Euro Nevada in a past gold cycles, but for those not as ancient as I am.

**Sandstorm Gold TSX:SSL NY:SAND                      Recent Price \$6.47**

Shares outstanding 179 million approx.

I am closely watching a dozen or so charts of gold stocks, looking for the best reversal patterns and that is another reason I went with Sandstorm, **the bullish engulfing** with the candle sticks, see the chart later on.

### **What is a Gold Royalty?**

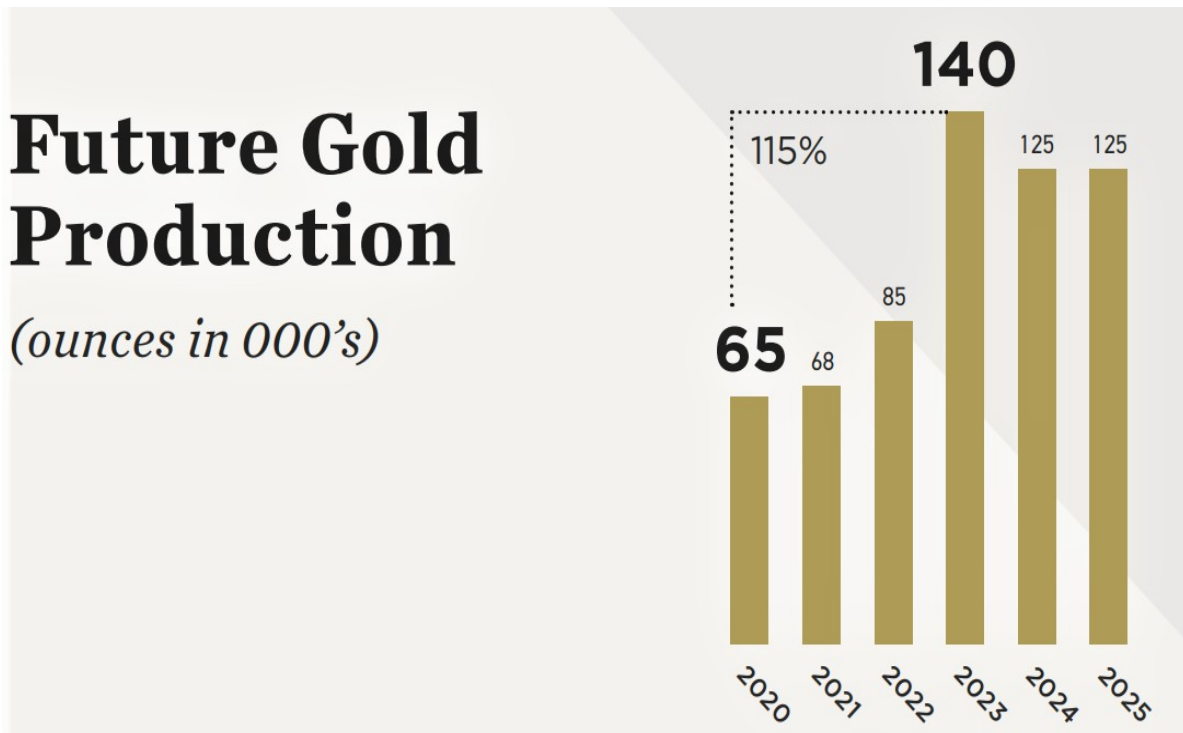
By providing a single upfront payment to mining companies in need of capital, Sandstorm receives the right to a percentage of the revenue or production generated by the mines. They don't manage the mines, but concentrate solely on royalty acquisitions. This approach has allowed Sandstorm to assemble a portfolio of assets that provides a diversified base of gold production, an industry-leading growth profile, and significant optionality for the future.

Sandstorm is built on experience with an award-winning executive team that has completed more than \$3 billion in royalty transactions. Their in-house technical team has worked on projects in over 100 countries and the average person has over 40 years of industry experience. Sandstorm boasts that they have the largest corporate development team of any gold royalty company in the industry.

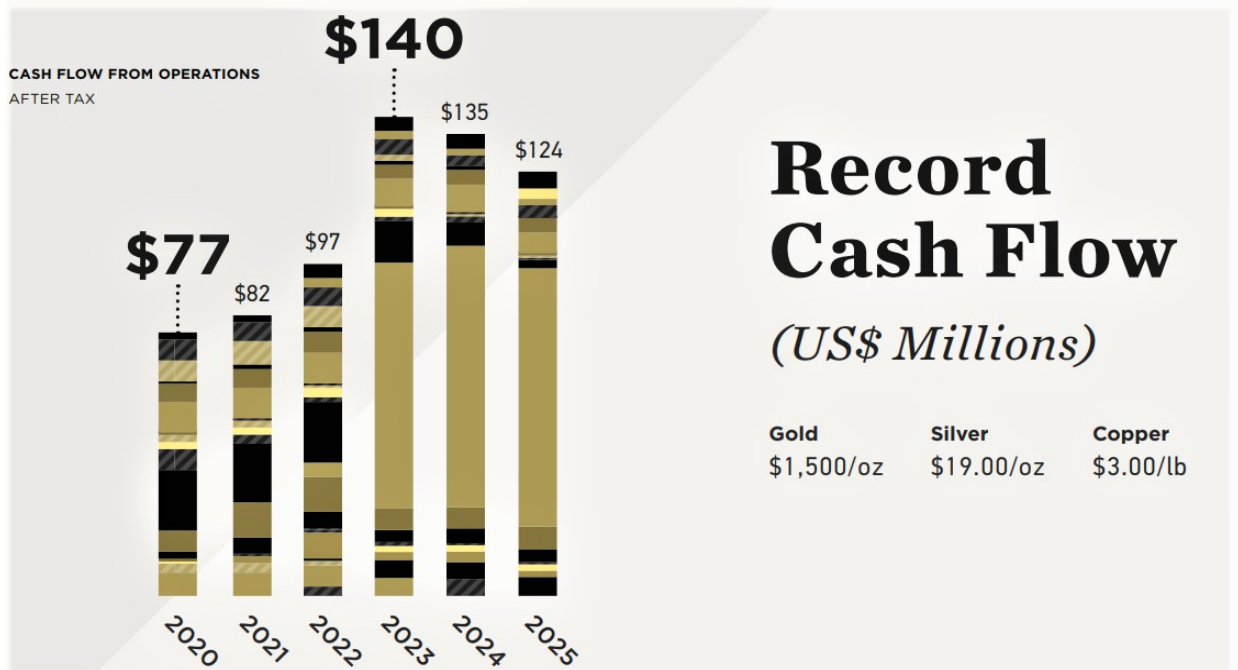
With their first acquisitions in 2009, Sandstorm laid the foundation for what is now a portfolio of nearly 200 royalties. Today they have stable cash flow from 23 producing mines and a credit facility of \$225 million (with an accordion feature of \$75 million, for a total availability of up to \$300 million), providing readily available capital for new acquisitions and further growth. With their vast holdings, this map from their web site is the best illustration.



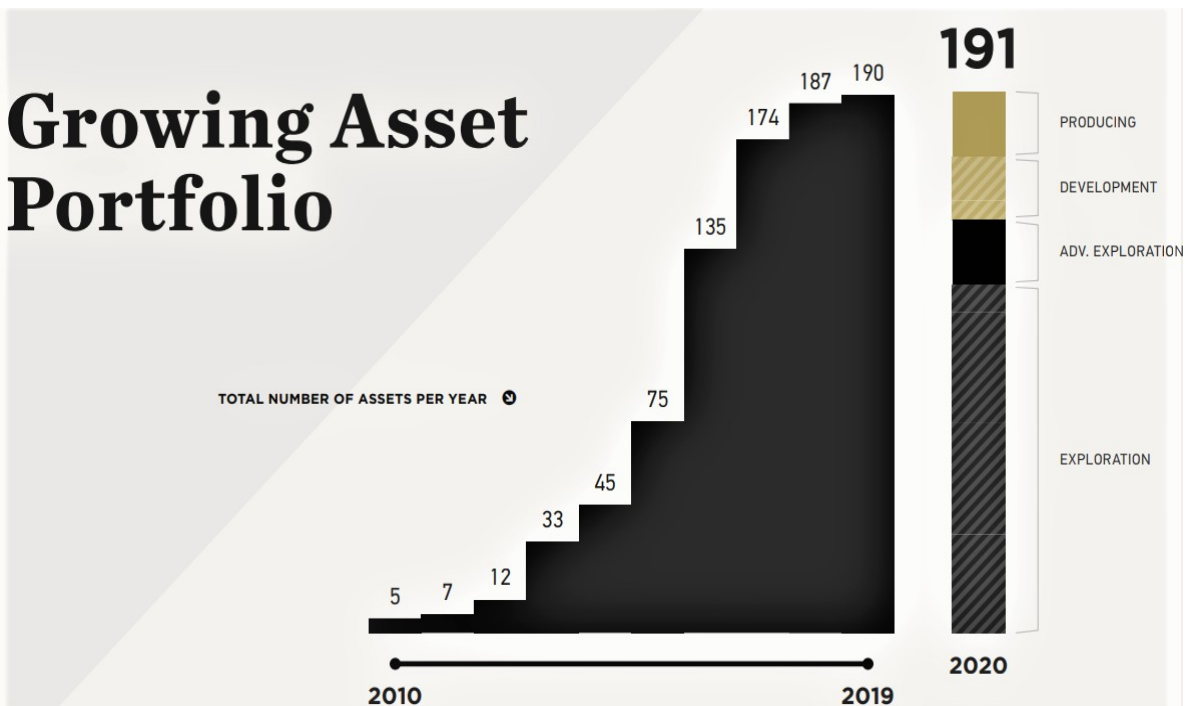
[Their presentation](#) is very well done with good illustrations so I am going to use a number of slides to highlight the strong potential of this company. First off is a 115% increase with gold production related to their royalties.



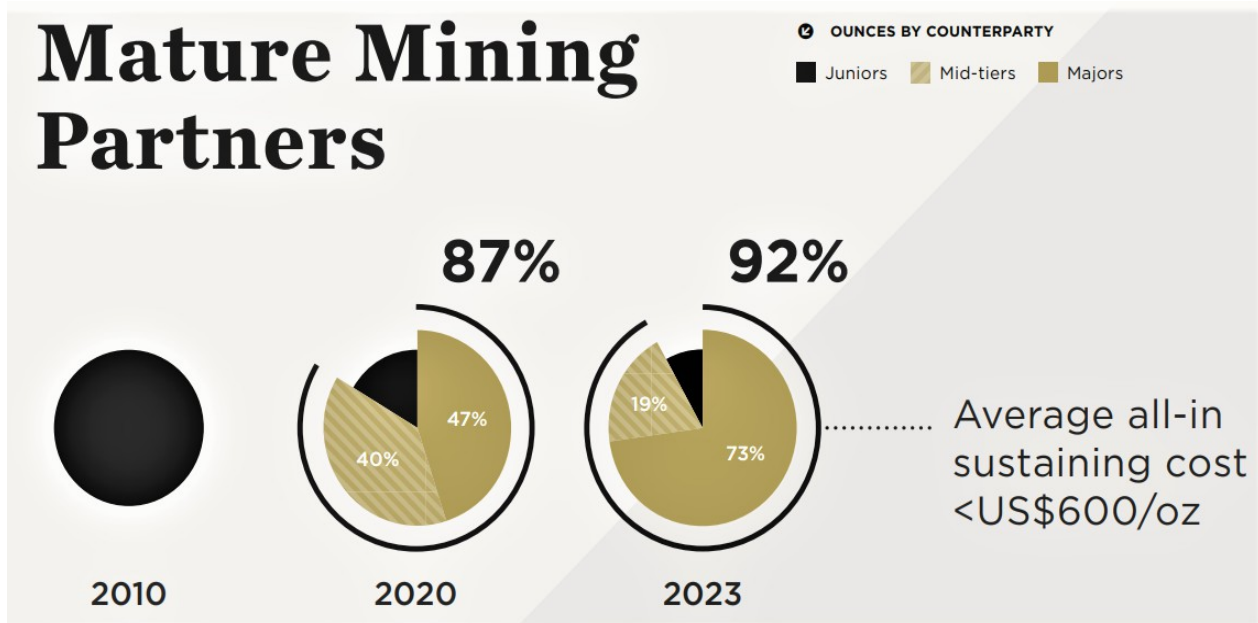
SSL has strong cash flow now and it will almost double by 2023 and this is with only \$1500 gold.



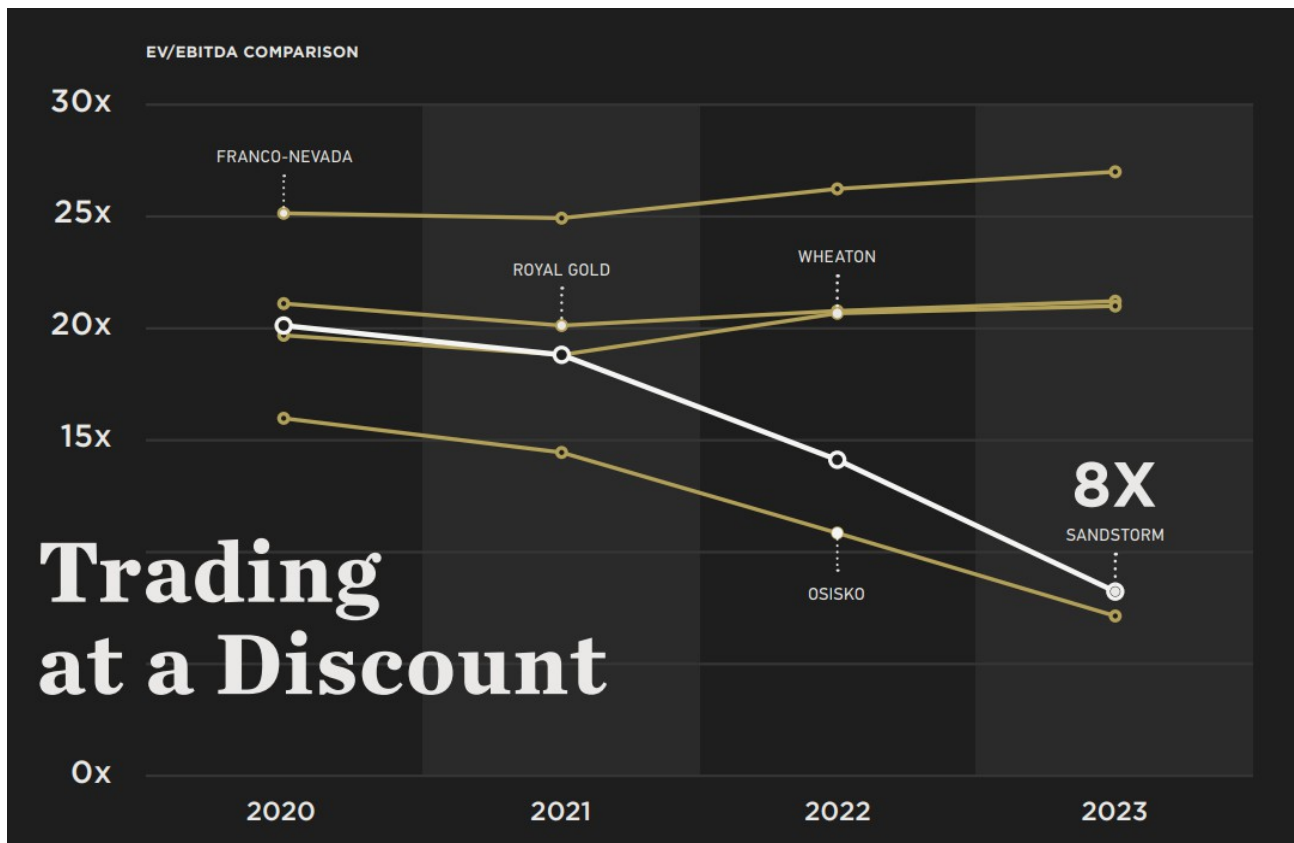
They have come a long way, especially in the last four years and are not getting the respect they deserve compared to peers.



They have an exceptionally strong and quality portfolio



All these comparable royalty companies have witnessed similar massive declines in their share prices so this comparison chart remains relatively the same.



## Some other factors:

- More drilling upside for every dollar invested in Sandstorm than any other royalty company;
- Because the company believes the stocks is so under valued they are talking with their cash and have an 18.3 million share buy back program. As of January 7, 2020 they bought back 10.9 million shares;
- Leading discovery, more ounces were discovered than mined on Sandstorm properties between 2016 and 2018;
- Stock way over sold, but unlike most has a bullish chart pattern setup.

There are several bullish indicators on the chart and I like to see confirmation from many signals. Note the red candle stick from Friday, a down day and then the strong white candle that totally engulfed Friday's red candle. With candle sticks this is called bullish engulfing, a positive bull signal. Note the strong volume on the sell off but also on the reversal. The reversal yesterday was also a bounce off the support level from 2018. Other bullish indicators, I don't show is a move below the Bollinger Bands on the sell off. RSI hit 20, a level where reversals often happen and last time that happened was the 2018 bottom around the same price.



The stock is more active in the US under symbol; 'SAND' showing higher volume on the sell off, so most of the selling was U.S. Based.

Speculators could buy Call options. I like the October \$7 Call, just around 1.30  
On the US side the June US\$5 Call around \$0.70 or farther out the Jan. 2021 \$7 Call about the same price



With our other gold stocks, we **have been stopped out of most of them at much higher prices**, I will do an update on these with more confirmation that we have a bottom in the gold stock correction.

See stop/losses in the [January Selection List update](#)

I have been using stops since 2008 and it has paid off big time, as always '**mind your stops**'.

**If you buy Sandstorm, I would set a stop loss at \$4.60 and I will move that up when the stock rises.**

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