Michael S. (Mickey) Fulp
M.Sc., C.P.G.

MercenaryGeologist.com
contact@mercenarygeologist.com

As the 2010s End ... Let the New Decade Begin

Contact@MercenaryGeologist.com

December 28, 2019

"*It was a new day yesterday, but it's an old day now*." Ian Anderson, Jethro Tull, 1969.

Dear Subscriber:

In my seasonal message to you exactly one year ago, I wished for a happy *next* year in the junior resource sector. Although I was optimistic that a bull market for commodities was imminent, 2019 met only a few hopes and expectations.

The precious metals, gold, silver, and platinum, turned in strong performances. The small market industrial metal palladium went exponential and is trading at a price a tad below the all-time high for gold.

Other industrial metals continue to disappoint. And the junior resource stocks underperformed once again.

Gold closed out 2018 at $1282, hit a six-year high of $1552 in early September, and will likely finish the year around $1510 for an 18% gain. Silver returned a healthy 15%, and platinum kept up with gold, plus 19% year over year.

Palladium turned in an all-time high of $1960 an ounce before losing nearly $100 in a four-hour period on December 20. Although the market remains in supply deficit, volatility is driven by traders and speculators with a bid-ask spread of $25 (compared to $5 for its sister metal, platinum) and both longs and shorts trying to game a wild and frenetic market. Regardless, palladium's gains for the year stand at an astounding 51% with Friday's close at $1890.

I would be remiss without mentioning precious metals ratios, which became increasingly anomalous as the year progressed. At this juncture, the Au:Ag ratio has established a new paradigm in the mid- to upper 80s while Pt:Au and Pt:Pd are a tick or two off all-time lows at 0.62 and 0.50 respectively. Buying opportunities continue for silver and platinum as these ratios are bound to normalize in the future.

Other world exchange-traded hard commodities turned in mixed performances: +6% for copper; -2% for lead; and - 7% for zinc, 34% for nickel on supply disruptions, and -6% for aluminum. In energy space, oil was up over $16 and closed yesterday at $61.70 for a 36% gain, while the shale oil boom resulted in a glut of by-product natural gas. The domestic oversupply of gas wreaked havoc with its market: Henry Hub turned in a loss of 26% in 2019 and there is no end in sight for its decade-long depressed price.

Moreover, we are polluting our nighttime skies in the shale basins with artificial light from flaring and venting of methane (the real greenhouse gas) to the atmosphere. The corundum is economic with light crude demand and US exports at an all-time high while no market exists for the nat gas that inevitably comes with shale oil production.

Uranium had no rally despite massive production cuts in Canada and Kazakhstan. The other yellow metal remains in limbo as the spot market has waited six months for promised but so far undelivered action by the Trump Administration in support of domestic uranium mining. US utilities seem content to wait out pending developments before returning to the market for long-term yellowcake contracts. U_3O_8 opened the year at $28.70 per lb and closed this week at $24.88 for a 13% loss.

This year's big story came from American equity markets. US indices continued to set record highs day after day, week after week, and month after month. Most rest of the world bourses followed the US lead with strong returns. However, central banks from the Atlantic and the long way around to the Pacific greased wheels with negative interest rates and huge debt loads to keep their economies and markets running. Only emerging markets lagged but their large cap index still returned 15% year over year.

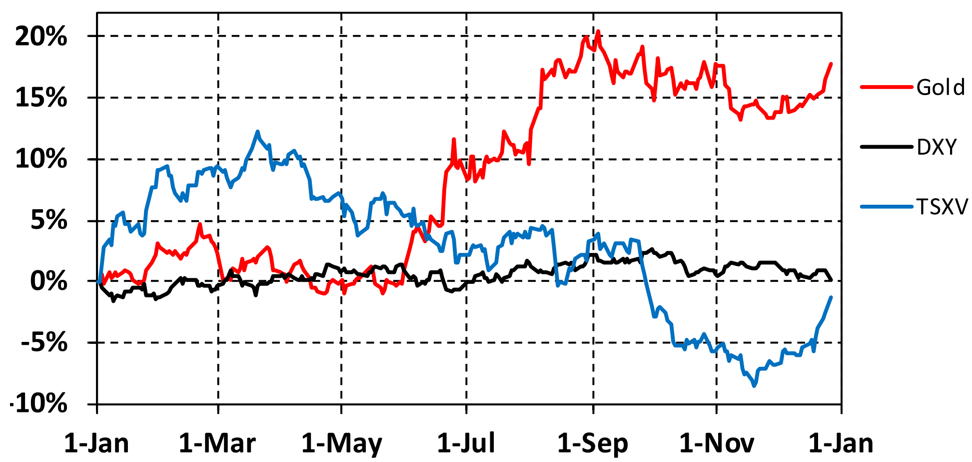
When all is said and done, the US markets including the Dow, the broad large cap S&P 500, and the NASDAQ will produce around 25 to 35% ROI for 2019. No matter what you may think of the 45th President of the United States, Donald J. Trump, his policies have resulted in the longest, biggest, and best bull market in the history of US publicly-traded equities.

Since Trump was elected on November 8, 2016, the returns of American stock indices are simply astounding: DJIA, 56%; S&P, 51%; NASDAQ, 73%. The US small caps as per the Russell 2000 have returned a robust 40%.

Despite the cabal of perma-doom and gloomers' annual Chicken Little predictions, the US dollar remained the world's reserve currency in the 2010s and will so for the foreseeable future. It had low volatility and was mostly range-bound in 2019 with DXY around 95.30 in mid-to late January and 99.10 in late September and early October. It closed Friday at 97.00.

The TSXV Index finished 2018 at 557, hit its yearly high two weeks after PDAC at 641 (what else is new?), and then drifted aimlessly down the rest of the year to reach its nadir in mid-November at 522. With the usual post-tax loss rally (now up nine of the past ten days), it finally reached positive territory for 2019 at 564. That said, volumes and volatility are low because there is next to nil interest in the speculative junior resource sector despite the robust gold price.

This normalized plot of DXY, gold, and the TSXV Index illustrates the relative movement of each metric with two trading days left in 2019:



At **MercenaryGeologist.com**, we are dedicated to producing state-of-the-art research and analysis on commodities and equities. We continually add new parameters to our commodity and economic database and develop new and innovative analytical techniques. Our spreadsheet is now so massive that it must be downloaded and transmitted via an interactive internet platform.

Our work is anchored by a secular view of commodities demand driven by world population growth and steady increases in mankind's standard of living. This commitment to basic supply-demand fundamentals and a contrarian outlook allows us to prosper regardless of market conditions.

Since I launched the MercenaryGeologist.com brand in late April 2008, the sponsorship business model has proven to be very stable compared to paid subscription newsletters. Our opt-in subscriber base now stands at over 6900 for a year-over year gain of +3% in a diffident market. Very few of my letter writer peers remain from those days prior to the global economic crisis.

When markets are emerging from bear cycles, I tend to speculate in early stage, start-up exploration companies with projects in a commodity of interest. I participated in two placements this year: a public gold deal in Peru and a private one in the Kyrgyz Republic, both of which I helped finance previously.

With the junior resource space continuing to underperform, I decided to pick and choose companies for website sponsorship very conservatively. Coverage continued on our two big winners from previous years and both produced substantial returns to subscribers (and me) in 2019.

Here are brief synopses of our three current sponsor companies:

Trilogy Metals Inc (TMQ.AM;TMQ.TSX) was picked in May 2017 at 65 cents and more than doubled to $1.35 in eleven weeks. The company began this year at $1.73 and hit an all-time high of $3.14 in early July despite the weak copper price. It was hit hard by a series of algorithmic short attacks over the next three months and shed over 50% of its market cap thru mid-October. Trilogy has since rallied strongly to around $2.30. I issued alerts on TMQ in February, two in August, and one in September as it posted significant news or I saw buying opportunities. Partner S32's recent decision to exercise its joint venture option for $145 million is the latest catalyst for the company. Other milestones are expected in the early new year and my coverage will continue into 2020.

Ely Gold Royalties (ELY.TSXV; ELYGF.OTCQB) is a hybrid prospect generator and royalty company focused in Nevada. I initiated coverage in early February 2018 at the 52-week low of 9 cents and it began 2019 at 14 cents. There were two naked short attacks in late July and early August but ELY market makers were able to fend them off and the price gapped up twice to an all-time high of 47 cents. It has since filled those gaps and trades in the low 40s with good liquidity. ELY added to its properties and especially to its royalty base this year. The company has around 70 properties with 21 generating cash flow from option or advanced royalty payments, two producing royalties, and another two royalties expected to commence production in the coming year. I wrote four alerts to subscribers and coverage of Ely Gold Royalties will extend into next year.

In September, I initiated coverage on a private gold exploration company, **Realgold Resources Corp** after participating in two private financings over the course of a year. Realgold holds 16 exploration properties totaling 274,000 ha in the southwestern Kyrgyz Republic with demonstrated potential for Carlin-type gold deposits. It has completed an amalgamation agreement with shell company **Rockwealth Resources (RWR.V)** and is expected to commence trading in early 2020. I posted two alerts: upon signing of the letter of agreement in early September and announcing a private placement opportunity for my accredited subscribers in late September.

Now we segue to the 188 pieces of new content posted to our website in 2019:

I wrote **26 musings** on a wide variety of subjects that are of interest to me and hopefully to you.

Our research on commodity and economic metrics resulted in six reports and essays. Subjects included: gold-palladium ratios; the confused and conflicted copper markets; a treatise on the phenomenal performance of American oil and gas since the mid-2000s; gold's late summer and early fall move above $1500; and silver's demise as money and rise as an industrial metal.

In a series of six musings, including a book review with commentary, I focused on America's unhealthy dependence for its critical mineral supplies on unfriendly, unstable, and unsavory socio-fascist governments. Not only did I outline the various problems as any good scientist would, I also spoke at three conferences and proposed a series of constructive steps that the government and private entities can undertake to remedy the dire situation. I remain passionate about this subject and will continue working on proposed solutions going forward.

I wrote essays asking whether speculators should sell in May and go away and made the case "green" investing is an oxymoron, and showed why warrants are nearly always worthless pieces of paper. As mentioned previously, I posted ten alerts about my stock picks for subscribers only.

Over the course of 2019, I was interviewed **108 times** and made **46 video** appearances.

Our three regular podcast programs include the weekly Metals, Money, and Markets update with new host, Trevor Hall of Mining Stock Daily and the monthly commodities podcast, Mercenary Musings Radio with Rob Graham; both are syndicated exclusively to **Kitco.com**. The Monthly Market Review with Kerry Lutz of the Financial Survival Network turns eight years old with next week's episode.

I made **eight public speaking appearances**: Vancouver Cambridge House and the CIRI Small Cap Symposium in January; PDAC in Toronto in March; O-M Partners Webinars in March and July; Sprott Resource Investment Conference in Vancouver in July; New Orleans Investment Conference in November; and the 125th Annual AEMA meeting in Reno in December. When available, my presentations are linked to each event on the website.

Our Twitter feed continues unabashed and unrepentant despite the demonstrated collusion of Silicon Valley-based social media platforms to censor free speech, conservative causes, and libertarian ideals. We remain the industry leader on this social media platform with 51,700 **@mercenarygeo** followers.

Our social media activity features an average of four to five tweets per day. We cover a variety of subjects including business news, commodities, equities, geopolitics, geological phenomena such as earthquakes and volcanoes, project field trips, individual rights and freedoms, investing and speculating, libertarian ideas, my outdoor hobbies, and American spectator sports.

Regarding the latter, the highlight of my year was the three weeks I spent in St. Louis and environs watching my beloved St. Louis Blues hoist the Stanley Cup for the first time in their 51-year history. It was a very long time but I can guarantee the reward was worth the wait for "Gloria" and the raucous downtown parade that ensued. I also enjoyed an unusually cool and wet June that produced unparalleled fishing for those big and wild, McCloud-strain rainbows in select, crystal clear, spring-fed streams of the Missouri Ozarks.

Gratitude always goes to those who make my business run. I only front **MercenaryGeologist.com**, and it is the invaluable people who post, tweet, and research that enables us to deliver the plethora of website content on a timely basis:

- Webmaster and IT manager Raffaele Della Peruta has always been on-time and at the post since inception in April 2008.
- Kirsty Hogg has handled our social media and promotions since January 2013; her ongoing cleverness in manipulating the subtleties of twitterverse amazes me.
- Research assistant Luke Smith graduated from New Mexico Tech with a M.Sc. in Geology and continues work on our commodity and economic database from a remote location.

Thanks also to my trusted worker in New Mexico's South Valley who maintains the farm and tends my animals and my valued neighbor who keeps vigilance when I travel.

Finally, appreciation extends to my growing cadre of loyal subscribers. We remain dedicated to providing timely commodities research, economic analysis, market education, think-piece essays, and timely stock picks that allow you (and us) to speculate wisely in a market fraught with pitfalls. My job is often to point out the fatal flaws, false narratives, fake news, and fraudulent ideas that seem to permeate the world's most speculative stock market.

Given a long career of wide-ranging technical experience and expertise as a practicing economic geologist and analyst, I find far fewer projects and companies to like than other newsletter writers. So I will miss the stock market manipulations that do not meet my strict risk-reward criteria.

Every stock promoter has a "story" designed and tailored to attract your speculative dollars. I would rather miss a few than get hauled into those that make no technical sense and inevitably lead to big losses.

My attitude has been and will be that the next big opportunity will always come around in due course. Patience is veritably a virtue for contrarians.

I am constantly on the hunt and anticipate finding new and profitable opportunities in the junior resource sector in the coming year. The commodity sector is increasingly dependent on world geopolitics, major stock market performance, and the implementation of President Trump's so-far successful strategy of economic and resource nationalism. Therefore, my focus is mostly on the good ol' US of A.

Please remember that profit-taking is never a bad move, and it is an especially sound strategy in the volatile junior resource market. So I repeat this mantra: You must sell to make money!

MercenaryGeologist.com will be successful only if you continue to have an interest in what I write and say. Rest assured that I will be honest in my opinions, outspoken in my ideas, and consistent in my core values. We welcome and value your comments and suggestions and will respond to all emails … unless you are a troll: **contact@mercenarygeologist.com**.

In the interim, I trust your holiday season is relaxing, enjoyable, and in company of those who mean the most to you.

Ciao for now,

Mickey Fulp
Mercenary Geologist

The **Mercenary Geologist Michael S. "Mickey" Fulp** is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 40 years of experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

Contact: **Contact@MercenaryGeologist.com**

Disclaimer: I am a shareholder of Ely Gold Royalties, Realgold Resources, and Trilogy Metals Inc. Ely Gold Royalties, Rockwealth Resources Corp, and Trilogy Metals Inc pay a fee of $4000 per month to sponsor this website. I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in any report, commentary, this website, interview, and other content constitutes or can be construed as investment advice or an offer or solicitation or advice to buy or sell stock or any asset or investment. All of my presentations should be considered an opinion and my opinions may be based upon information obtained from research of public documents and content available on the company's website, regulatory filings, various stock exchange websites, and stock information services, through discussions with company representatives, agents, other professionals and investors, and field visits. My opinions are based upon information believed to be accurate and reliable, but my opinions are not guaranteed or implied to be so. The opinions presented may not be complete or correct; all information is provided without any legal responsibility or obligation to provide future updates. I accept no responsibility and no liability, whatsoever, for any direct, indirect, special, punitive, or consequential damages or loss arising from the use of my opinions or information. The information contained in a report, commentary, this website, interview, and other content is subject to change without notice, may become outdated, and may not be updated. A report, commentary, this website, interview, and other content reflect my personal opinions and views and nothing more. All content of this website is subject to international copyright protection and no part or portion of this website, report, commentary, interview, and other content may be altered, reproduced, copied, emailed, faxed, or distributed in any form without the express written consent of Michael S. (Mickey) Fulp, MercenaryGeologist.com LLC.