

# Global Analyst

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*Our recommendation from last week to buy **Fox River Resources** (FOX, To.) would have filled at our recommended limit of 0.37. Some of you may have picked it up for a little less. We continue to recommend buying this high-potential speculation at 0.37. Today, we discuss some recent updates on some of the companies on our list.*

## **AGNICO LAYS OUT PLANS FOR MILLION-OUNCE PRODUCER**

**Agnico Eagle** (AEM.NY, 65.23) released updated resource estimates and an updated mine plan for Detour Lake in Northern Ontario, incorporating its proposed underground mining which will provide early access to a high-grade core at depth. The Preliminary Economic Assessment (PEA) demonstrates the potential to increase annual production to 1 million ounces when the underground starts in 2030 for the next 13 years.

The plan is to mine underground concurrently with the open pit, while increasing the mine life another two years to 2054. Agnico has talked about the possibility of 1 million-ounce production from Detour and the PEA provides a clear path to achieving it. It will spend \$100 million over the next three years and \$730 million in all. Project economics are solid, increasing production by 27%, with underground costs of \$690 per ounce, and, at today's gold price, an IRR of 25%.

The PEA is further evidence of Agnico's long-term plans to maximize returns from the assets it acquired with Kirkland, and to remain the dominant miner in Canada. Detour will be one of the top five gold mines in the world. With top management, a solid balance sheet, a clear strategic focus, and low political risk, Agnico is our favorite of the large miners; it is #3 gold miner globally. However, after a run in the stock price, we are holding but, particularly for new investors, we would buy on any meaningful pullback.

### Fortuna changes its name while expanding key gold mine

**Fortuna Silver** (FSM.NY, 5.04) shareholders voted in favor of a change in name to Fortuna Mining, effective last week. The stock symbol remains the same. The name change reflects the current reality of the company. After its purchase of Roxgold and the start of its new flagship Séguéla mine, gold is the dominant metal produced, with about 80% of revenue coming from gold this year. Although Fortuna will lose much of its lustre for silver-focused investors, the reality is that with the possible run-down of mining at San Jose, it was losing attraction to silver-focused investors anyway.

Separately, Fortuna provided an update on exploration at the Kingfisher prospect at Séguéla, which was discovered earlier this year. The company has defined continuous mineralization along 1 km of strike, and it remains open to the south and to depth. Drilling will continue for the balance of the year with a resource estimate anticipated

early next year. Drilling continues at two other deposits at Séguéla, hitting high-grade intercepts at depth at Ancient. The drilling helps to confirm that Séguéla has potential for an expanded and long-life mine.

With a solid and improving balance sheet, strong and fiscally conservative management, multiple mines, and low costs, Fortuna is set to become a recognized mid-tier miner. If you do not own, it should be bought.

#### Pan American shows why it's the top silver miner

**Pan American Silver** (PAAS.NY, 20.32) held its annual investor day earlier in the week. Though there was little new, management outlined the company's strong growth prospects as well as making a case for it being the "go-to" silver investment. It has the largest silver resources and reserves of any company, the second-largest production, and is the largest and most liquid silver stock with the highest correlation to the silver price of any stock. The acquisition of Yamana early last year increased the gold in the portfolio, but the company has been reducing that by its disposition of non-core assets. The disposals have also dramatically deleveraged the balance sheet, after the Yamana purchase, with net leverage (after the sale of La Arena) around 0.4x.

Pan American has a broad portfolio of mines throughout Latin America. It has solid brownfields potential at several mines, including Jacobina and El Peñon, and major growth projects that are longer dated or of uncertain timing. It is seeking a partnership for the development of its large La Colorada Skarn. The consultation process at Escobal in Guatemala has been held up this year with the change in government and changes in several key government decision makers, but it is nearing its end.

Pan American is our top silver company, but after the strong rally since March (when it traded just about \$12), we are holding.

#### Vista is well financed and can be patient

**Vista Gold** (VGZ.NY, 0.469) has received the third and final payment, of \$10 million, from the \$20 million royalty investment by Wheaton Precious Metals. The company is now well-financed to continue drilling and other work on its Mt Todd project. We do not believe that additional exploration success will generate sustained gains in the stock price. The market is looking for concrete advance on the process of monetizing or partnering the project. Hold.

**CORRECTION** In my write-up on **Fox River** (FOX, To, 0.365) last week, I indicated that David Lotan joined as non-executive chairman late last year. In fact, he became chairman in January 2023, and became a 10% shareholder near the end of the year. Buy.

**TOP BUYS this week**, in addition to above, include **Gladstone Investment** (GAIN, Nasdaq, 13.88); **Barrick Gold** (GOLD.NY, 16.56); **Midland Exploration** (MD, To., 32); **Lara Exploration** (LRA, To., 1.01); and **Orogen Royalties** (OGN, To., 1.10).