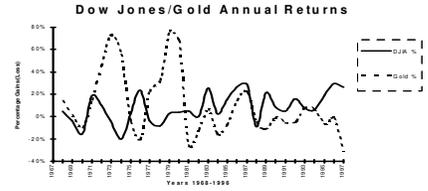




# Gold

## Energy & Tech Stocks



Volume 32, No. 3

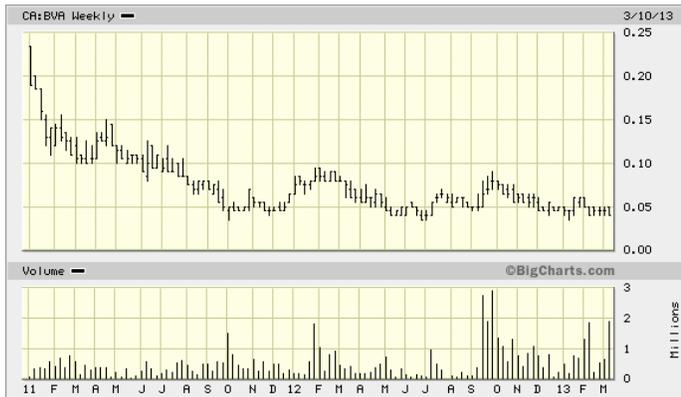
(Now in our 32<sup>nd</sup> Year)

March 15, 2013

Review:

### Bravada Gold

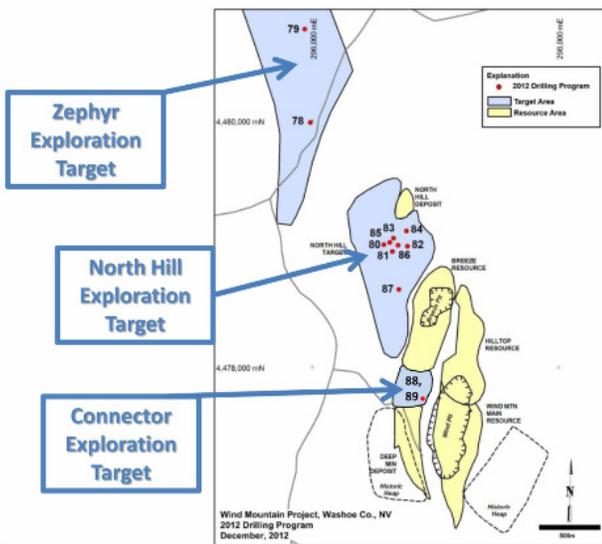
*A 10- or 20-Bagger in the Making?*



(Traded TSX:BVA; USOTC:BGAVF; Recent Price \$0.045; 114.8 Million Shares; Market Cap = \$4.6 Million) – I continue to pound the table for Bravada Gold Corp. (BVA) because I think this miniscule penny stock is likely to survive these bad times but that the chances of multiplying the value of your shares from the current \$0.04 by 10 or 20 fold over the next year or two is very good. That is why I have purchased a fair amount of these shares for my own IRA. Here are some of the factors that bolster my confidence that Bravada can richly reward those who buy these shares in the 4- to 5-cent range or even at my average price of 6.9 cents.

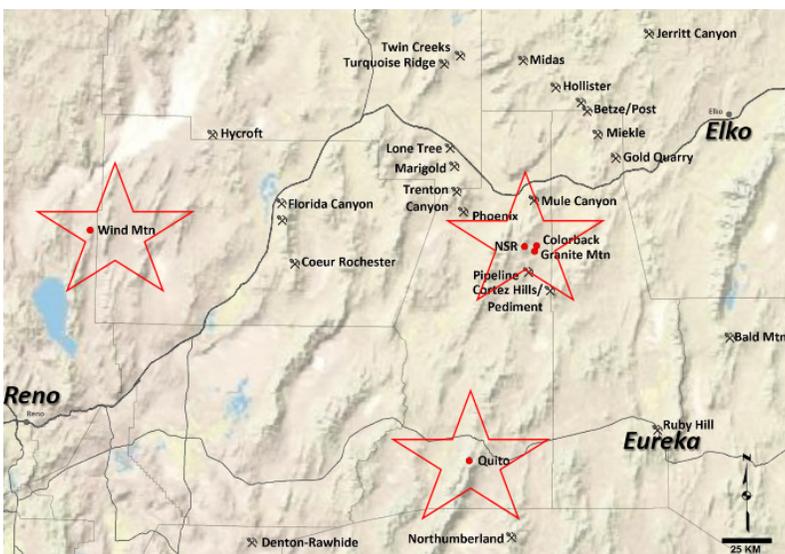
**Advanced-stage projects and previously producing gold mines in Nevada with good economic prospects.**

The company's flagship mine is the Wind Mountain Mine, an open-pit heap-leach mine that is similar to the Hycroft Mine Project in Nevada pictured on the map on the next page. A PEA on Wind Mountain was recently completed that showed an NPV of \$42.9 million at \$1,300 gold and \$24.42 silver. That's an NPV that is nearly 10 times the company's current market cap on a M + I resource of just 405,543 ounces of gold. However, additional drilling has increased that resource to 570,500 ounces plus another 125,200 ounces in the inferred resource for a total inferred resource of 354,300 oz. Management now believes Wind Mountain can add significantly more ounces to that with upcoming drilling. The blue areas in the chart above left illustrate areas where surface geological work has pointed the company toward prospects for expanding the existing deposit.



Moreover, Wind Mountain is just one of several other front burner multimillion-oz. targets in Nevada, the others being: (1) the Quito Project, where 174,460 ounces of gold were produced from material grading 6 grams per tonne and where a high-grade target has been identified and will be drill tested his summer; (2) the Granite Mountain/Colorback Property; (3) the NSR North; and (4) the NSR South.

On the Quito Property, which has an unmined resource,

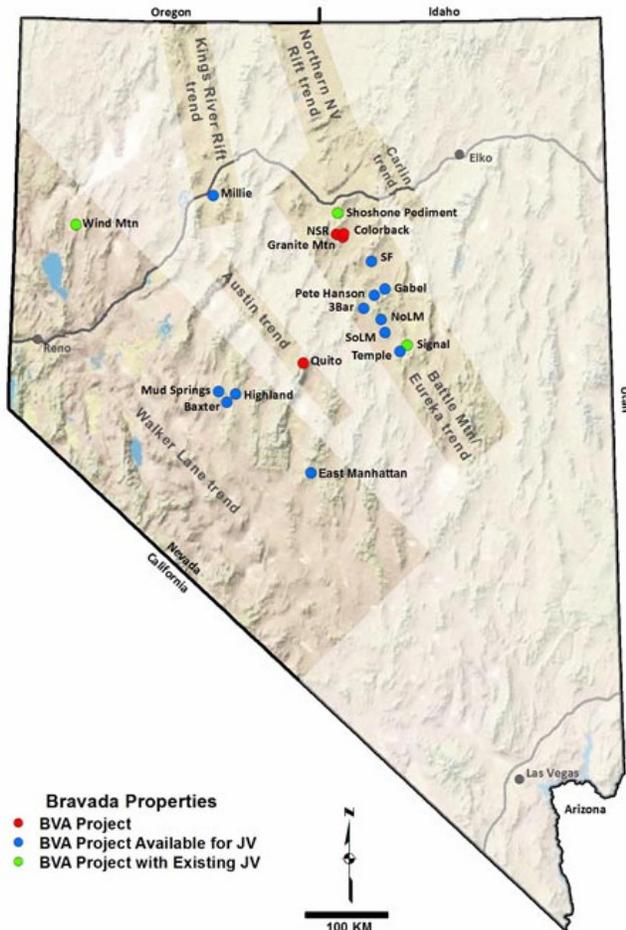


Bravada can earn a 70% interest from Yamana with a claw back provision whereby Yamana can elect to earn 51% if BVA discovers over 2 million ounces, by paying BVA 300% of BVA exploration expenditures and funding BVA’s portion of capital, repaid out of 80% of BVA’s portion of cash flow. Or Yamana can elect to reduce its 2% NSR and receive either 500,000 shares of BVA or \$500,000 cash at BVA’s option. There are many more companies in the Bravada portfolio. Fifteen more to be exact and they are all in Nevada. But these three are the ones that, based on their history and work done to date, have multimillion-oz. potential.

**An earn in agreement on Wind Mountain with a new but highly successful gold mining company named Argonaut Gold.**

experienced mining pros is guiding to produce 120,000 ounces of gold this year, up from 108,081 in 2012. The agreement is that Argonaut Gold will fund \$7.5 million for Bravada to drill this project with the aim of increasing and upgrading the existing ounces. The idea here is that at least one million ounces of measured and indicated ounces can be outlined, in which event Bravada will get paid \$30 per gold-equivalent ounce in the ground, with the caveat that the silver will count, to the extent it is recoverable. Infill drilling should enable the company to come close to a million ounces in the measured and indicated categories which it must be, to count at \$30 per ounce. But there are additional targets identified and more ground staked in areas where management believes these numbers can be increased. Since this is a shallow target, the \$7.5 million should go a long way, but once the \$7.5 million is funded by Argonaut, if Bravada wishes to spend some of its own money to expand the

resource it can do so. Keeping in mind that Bravada has been able to outline ounces in the ground for around \$5 per ounce, and that Argonaut will pay \$30 per ounce for gold ounces in the ground, there may be incentive to make this deposit much bigger than 1 million ounces. Indeed management labels this as one of their “multimillion”-ounce targets. In addition, Bravada gets to keep a 1% NSR on gold production beyond the ounces the company buys from Wind Mountain. The thinking is that if at least a million ounces over ten years can be mined from this project, it may well attract Argonaut to buy this project. Even if it’s a million ounces, which should be attainable largely by upgrading inferred ounces to the indicated category, that would amount to \$30 million to the company or several fold above the company’s current market cap of under \$5 million. I’m guessing, however, that the size of the deposit could grow substantially larger, as the areas identified in the blue area in the first chart above are explored, not to mention the potential for expanding ounces with higher gold grades. For example, a pit design has been outlined for a gold price of \$2,000 per ounce, which would significantly increase the resource.



**BVA has become a hybrid project generator company.**

BVA has some 18 properties in Nevada. During the best of times for junior resource companies to raise capital, it would be a challenge to give all those properties the attention they deserve either as keepers or as castaways. But in tough times like these, when a large number of

companies selling at under 10 cents per share are likely to soon enter their eternal home, using other people's money to survive is a must. Of course that presupposes that (a) you have properties that are worth someone spending money on; and (b) there are enough companies left with money to spend on high risk/high return capital to allow BVA to sign up joint venture partners. In addition to Wind Mountain, the company has two other current joint venture partners on the Shoshone Pediment and Signal properties located on the Battle Mountain Trend, shown by the green dots on the Nevada map just above on your left. Those that are available for joint venture are in blue. The three properties in red are the ones the company wants to advance themselves, because of their significant potential to add value on their own.

### **The Manex Resource team lowers overhead and helps raise capital.**

The Manex Resource Group is headed by Lawrence Page, who has been a director of many very successful companies with exploration success. Page is a lawyer but has been involved in corporate life for many years.

Specifically, he has been a director and officer of companies that have discovered and brought into production the David Bell and Page Williams mines in Ontario, the Snip, Calpine/Eskay Creek, and Mascot Gold mines in British Columbia, as well as the discovery of the Peñasquito Mine in Mexico. His connections in the mining industry are strong and his ability to assist in raising capital is crucial. The Manex Resource Group provides an umbrella of services that reduces overhead costs for each of the participating companies, including of course Bravada, which helps the company's survival prospects.

**The bottom line for me** is that I see this as a relatively low-risk story with several projects having major upside potential. The prospects of Argonaut buying the Wind Mountain Project for a price several fold the current market cap of BVA appear better than 50/50 from my perspective. The major risk of course remains the potential for the company to dilute shareholder interests, given the fact that it will be spending some money on the Quito, Granite Mountain/Colorback, and NSR properties. But at the current price, in my view the odds of making money with BVA are very good, and the potential for a 10 or even a 20 bagger from current share price levels over the next year or two are reasonably good in my view.

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