

# Patriot Gold offers 'arbitrage opportunity'

BY TRISH SAYWELL

With depressed commodity prices and shrinking valuations, sometimes it's arbitrage opportunities that offer some of the more compelling investment opportunities.

Take **Patriot Gold** (US-OTC: PGOL), a junior that has a 100% stake in the Moss gold-silver mine project in northwestern Arizona and a 100% stake in the Bruner gold project in Nye County, Nev.

Back-of-the-envelope calculations suggest that the Nevada-based junior's market capitalization is a fraction of what it should be, compared with the market caps of two other juniors that are earning into the two projects.

**Northern Vertex Mining** (TSXV: NEE; US-OTC: NHVCF) is earning a 70% interest in the Moss project and **Canamex Resources** (TSXV: CSQ) is earning a 70% interest in Bruner. Based on Northern Vertex's \$18-million market cap, the Moss project is worth \$26 million, while Bruner should be worth \$9 million, based on Canamex Resources' \$6-million market cap. That means Pa-

triot Gold's share of the Moss mine should be worth \$8 million and its share of the Bruner project \$2.6 million, for a \$10.6-million total valuation. But the junior's market cap sits at US\$2.8 million.

"When you look at the market cap of Northern Vertex and Canamex and you look at the market cap of Patriot, it doesn't add up," Patriot Gold chairman Newton says. "Even if you discount Patriot to assume it just has fractional ownership of both of its major projects, still the market capitalization we feel is wonky ... we believe a good opportunity exists, and because we have no retail exposure in Canada, that arbitrage opportunity remains largely unexploited."

Newton adds that the company was created in 2003 and "never tried to develop a shareholder base in Canada. We were primarily self-financed by family and friends over the years."

One reason the arbitrage opportunity might still exist is that some funds have a mandate to not buy mining companies listed on

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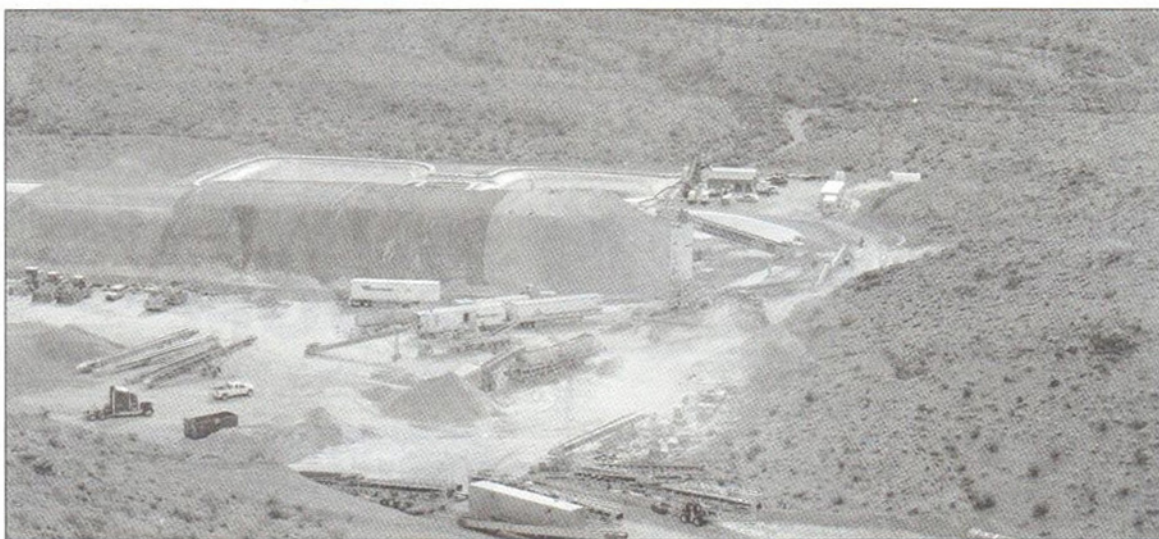
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the US-OTC market. But the window could close in the next couple of months, as Patriot moves to list on the Canadian Securities Exchange.

Patriot acquired Moss in 2004 and has chipped away at the project ever since, completing a resource estimate in 2013. At a 0.3-gram-gold-per-tonne cut-off grade, Moss contains 22.6 million measured and indicated tonnes grading 0.74 gram gold per tonne and 8 grams silver per tonne. Inferred resources add 3.9 million tonnes averaging 0.52 gram gold and 6.3 grams silver.

Together the resource categories total 603,000 oz. gold and 6.6 million oz. silver, and 97% of the resource lies within 200 metres of surface.

"At the time we acquired Moss it was iffy, because gold prices



Patriot Gold  
Pilot mining operations in Arizona at Patriot Gold and Northern Vertex Mining's Moss gold-silver project in 2013.

were around US\$400 per oz.," Newton recalls. "But we felt it was open-pittable and could use a

heap-leach system, and we just kept at it over the years."

The resource kept growing and was open at depth and along strike, which it is to this day. "The grades we were getting were consistent — although not high, they were adequate, and the material leached well — so we thought it was turning into a bit of a sleeper," Newton says.

by his calculations, 97% of the land package has yet to be properly explored.

Patriot acquired the Bruner project in Nevada the same year it acquired Moss. There had been historic work on the property and Patriot consolidated the land position, and began drilling. When Canamex came in and started their own explora-

# *'[Patriot Gold] never tried to develop a shareholder base in Canada.'*

— TREVOR NEWTON, CHAIRMAN, PATRIOT GOLD

Once Moss reached 600,000 oz. gold and Patriot completed some metallurgical work, the company looked at bringing in a partner.

"We felt it had the possibility of going into production. And because of the favourable jurisdiction and its unique properties, we thought it was the kind of project to bootstrap into production and have the potential to grow, and be larger than what it was."

Newton also believes the project has a lot of upside, given that

tion, they got "some phenomenal results," Newton says. "Bruner isn't as far along as Moss, but it seems headed in the right direction."

Canamex completed an initial resource estimate on Bruner earlier this year, outlining an indicated resource of 10.3 million tonnes at 0.72 gram gold per tonne for 239,000 contained oz. gold, and an inferred resource of 2.5 million tonnes at 0.77 gram gold per tonne for 61,000 contained oz. gold.

