



The following is a newsletter from Gecko Research on TomaGold Corp., sent to subscribers on Thursday, April 14, 2016. Sign up for our free newsletter: <http://www.geckoresearch.com/signup>

Introduction

Investing in mining companies is a risky business, you all know that. We would not go as far as saying that exploration is more risky than production as there are different kinds of risk associated with the two.

Risk is in many ways a wonderful thing. It's exciting and fun and if you have done your homework right, high risk goes hand in hand with very high reward. One can never get a 10 or 20-bagger with a mid-tier producer in short order but that is very possible with an exploration company if the right one is picked and luck is on your side.

One way to lower the risk substantially, but still enjoy a potential large upside, is to buy the exploration companies that **drill with other people's money**. Remember, just because gold has gone up \$100 doesn't mean it's suddenly easy to get financings done in the junior sector.

TomaGold Corp. (lot.v)

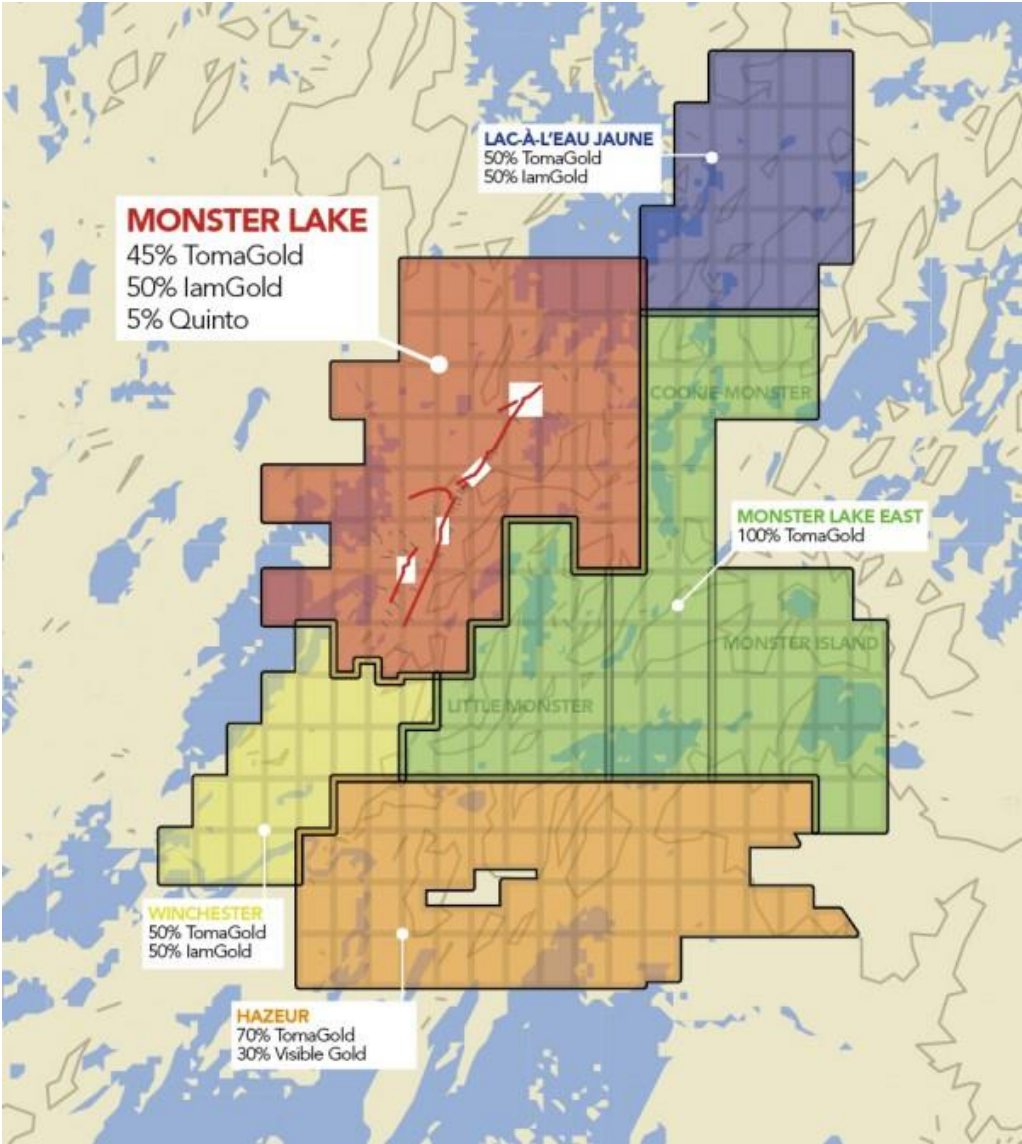
[TomaGold](#) is a Canadian exploration company with properties in Quebec, considered by many as one of the best jurisdictions in the world. The government in Quebec is very pro-mining, helping companies and investors in different ways through subsidizing taxes and paying back some of the exploration costs.

TomaGold is a fairly new company (listed in 2012) and since they got started in the midst of a bear market, they have been a sleeper and flying under the radar for the most part. We say "for the most part" because in April of 2012 **TomaGold announced spectacular drill results as they hit 237.6 g/t over 5.7m** ([link to release](#)). The stock went to C\$0.90 at that point.

The flagship property is called Monster Lake and is located in Quebec, Canada. TomaGold has a JV (joint venture) on the property with one of Canada's largest gold producers, [IAMGOLD](#). The JV was first initiated in the fall of 2013 but has since then been changed due to the encouraging exploration results.

IAMGOLD renegotiated the JV in [November of 2015](#) as they decided that they immediately wanted to take a larger ownership and therefore went and acquired 50% of Monster Lake. Under the new terms, IAMGOLD have an option to acquire an additional 25% interest by spending \$10 million in exploration work over a 7-year period, with a minimum of \$500,000 to be spent each year.

TomaGold has one of the best partners they could possibly find as IAMGOLD is not only a giant compared to TomaGold, it's also a Canadian gold producer and they know exactly what they are after. Besides having an experienced geological team working on Monster Lake, IAMGOLD also have all the money needed to take this JV as far as they want so that's never going to be a problem. Many companies do JV deals with a fellow junior company and that immediately enhances the risk, **something that is now eliminated**. That's a huge advantage and an important detail to consider when making investment decisions.



Extended drill campaign

There are certain periods when drilling is possible and it's not in the spring when the snow and ice melts. The current drill program at Monster Lake is 6,000-7,000 meters but IAMGOLD has decided that they want to drill more. Because of the favorable weather conditions the winter program has been expanded to around 9,000 meters.

We can guess as to why they have chosen to drill more and the speculator in us could make an argument that IAMGOLD have perhaps seen encouraging results, either in the Megane-325 area or in a step-out hole. If the latter is true there are reasons to get very excited and the next couple of weeks/months will provide us with an answer. This is purely speculation of course and we will know in due time.

Valuation and News flow

TomaGold currently has around C\$1.1 million in cash and with 80.8 million shares outstanding, Mcap is around 5 Mcad (at 6c/share). Due to the bear market in the last few years, TomaGold decided early in 2015 to spend the absolute minimum and hold on to the cash as much as possible. One of the first things that got cut in the budget was marketing expenses and we think that is the single biggest reason for TomaGold to have such a low valuation.

We met with David Grondin (CEO of TomaGold) at Mines & Money in Hong Kong last week and one of the take-aways we got was that due to better market conditions, TomaGold will now start to market themselves again. We feel they should as someone else is already spending their money on TomaGold's property.

As IAMGOLD are concluding their winter drilling program, results should come very soon. With the extended drill program in mind, we wanted to buy a position before any such results are released.

One of the zones with the most drilling done within Monster Lake is the Megane-325 area. The chart below shows the best drill intercepts from the Megane-325 and it gives you an idea what kind of potential this thing has.

Most of the new mines coming into production these days are very low grade so we are not at all surprised that IAMGOLD is interested in TomaGold's properties and especially Monster Lake with its high grade profile.

Hole #	From (m)	To (m)	Length (m)	g/t Au	Depth (m)
M-25-11	49.50	54.00	4.50	101.20	40
M13-99	217.00	223.00	6.00	32.60	170
M-13-101	281.50	285.00	3.50	48.90	275
M-13-106	256.20	261.00	4.80	37.10	235
M-13-94	226.50	231.80	5.30	11.50	187
M-13-93	244.35	250.20	5.85	33.60	217
M-13-95	288.40	295.60	7.20	42.00	278
M-13-98	274.60	280.30	5.70	26.00	280
M-13-105	355.90	367.20	11.30	8.65	325
M-12-108	457.00	467.47	10.47	11.5	390
M-14-110	636.86	640.63	3.77	13.65	400
M-14-130	477.00	487.60	9.18	46.33	390
M-14-131	491.55	495.50	3.42	18.68	360
M-14-132	439.80	448.00	7.10	6.74	325

Stepping out on a limb perhaps, but we think TomaGold deserves a higher valuation purely on the fact that it is located in Quebec and having IAMGOLD as a partner. With more marketing starting and drill results due in the near future, we see little downside risk buying this stock around 6-8 cents. With limited downside, we really like our odds here.

Another set of good drill results could again put TomaGold on the map and we don't see why TomaGold couldn't reach a 12-15 Million Mcap in short order (15-19 c/sh) if that were to happen. And if momentum gets going, who knows where the share price will end up if all the stars line up perfectly.

TomaGold is trading under the symbol LOT on the Venture exchange in Canada and the stock is thinly traded. When we started buying in the market the volume picked up along with the price which tells us that this thing can really move on good news.

We feel that the time to buy this stock is now, before any drill results are released. Although we don't like chasing things, we would feel comfortable to pay up to 8 cents for LOT ahead of news. Long term readers know that we try our best to be transparent in what we do and our [Portfolio & Trades](#) page is part of that. Here's more, we currently own just around 1% of TomaGold today and **we will continue to be buyers at current levels.**

80 million shares outstanding for an exploration junior who is just coming out of a bear market, is a lot better share structure than most of its peers. When management together with close friends and family holds around 25% of a company, you can rest assured that the company has shareholders' interest at heart. The CEO David Grondin owns approximately 5% of TomaGold himself and that's what we like to see, **a CEO who is aligned with you and me.**

TomaGold's properties and JV's

We really like when we find an exploration company where they have deals in place and someone else is spending money on their properties. Below is a list of TomaGold's portfolio of properties.

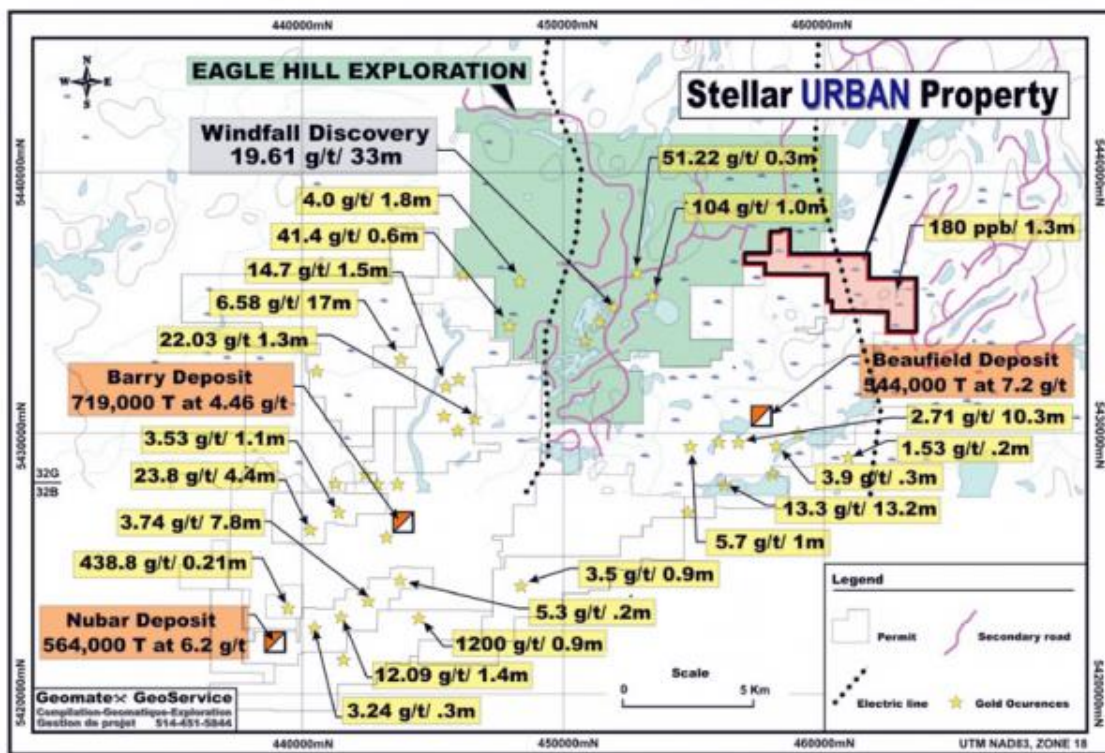
- * Flagship property [Monster Lake](#) (JV with IAMGOLD)
- * [Winchester](#) (JV with IAMGOLD)
- * [Lac-à-l'Eau Jaune](#) (JV with IAMGOLD)
- * [Monster Lake East](#) (100% TomaGold)
- * [Hazeur](#) (70% TomaGold via option)
- * [Lac Cavan](#) (100% TomaGold)
- * [Urban Lake](#) which lies near Oban's Windfall project (100% TomaGold)
- * [Vassan](#) (100% TomaGold)

The list above kind of makes TomaGold look like a mini-Oban or a project generator if you will. We don't exactly know the plan or how much potential each property has, but indications were clear that if the right opportunity presents itself, TomaGold would like to expand their package of properties to consolidate the immediate surrounding area which, together with more exploration success, would unarguably make TomaGold a clear take-over target.

Urban Lake - Another "Oban-connection"

Besides the JV's with IAMGOLD, what sticks out here is the location of the Urban Lake property. As shown in the picture below, it lies adjacent to Oban Mining's Windfall project. Windfall is a very high grade deposit where Oban currently is turning drills, making Windfall look like a Swiss cheese. Its 55,000 meter drill program is producing very nice results, just check out [Oban's press releases from March](#), all with very high grade results.

It's easy to just focus on Monster Lake and TomaGold's JV with IAMGOLD, but we suspect it might just be a matter of time before Oban acts to consolidate Windfall even further. **If Oban goes after Urban Lake, it could very well motivate TomaGold's entire current Mcap.**



LOCATION URBAN PROPERTY

Conclusion

As explained above and when considering that TomaGold only have a Mcap of C\$5 million, we see little downside risk at current prices. There's no or little speculative money in TomaGold as this company is very much a "sleeper" among investors.

We are hoping for 1) TomaGold getting more attention in the market 2) good drill results in the near term and 3) M&A activity involving TomaGold. If it plays out well and as we hope, we should have a success on our hands. No matter what happens in the short term, there are other triggers that can strengthen this stock.

One last important point to recognize which also takes some risk off the table, is jurisdiction. IAMGOLD is not alone, larger companies such as IAMGOLD are looking closer to North America as the best place to do business. Goldcorp, OceanaGold, Tahoe and most recently Silver Standard are all great examples of companies who recently has made serious acquisitions and investments. Since good assets are scarce in these places, don't be surprise to see an acceleration of M&A in companies such as TomaGold.



Portfolio & Trades

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The following is a newsletter from Gecko Research on TomaGold Corp., sent to subscribers on Thursday, April 17, 2016. Sign up for our free newsletter:
<http://www.geckoresearch.com/signup>

TomaGold (lot.v) - Off to a great start

Despite very strong action in the market on both Thursday and Friday, we would like to point out that the market capitalisation for TomaGold is still very low, only C\$7.3 million at 9c/sh. We wouldn't at all be surprised if the current momentum takes the stock higher before it consolidates.

In today's letter we want to shed some more light on the JV TomaGold has with IAMGOLD on Monster Lake and how valuable such a partnership really is.

Just six months ago IAMGOLD bought 50% of the [Monster Lake project](#) for C\$3.22 million in cash + a commitment to spend another C\$10 million in exploration. If IAMGOLD see it through all the way, they will have spent C\$13.2 million to earn a 75% stake in the project. That doesn't include all the money spent in the past, which includes more than 42,000 metres of drilling already done on the property.

If we assume that IAMGOLD put most of the exploration commitments (\$10m) into drilling at Monster Lake, the project will look like a Swiss cheese a few years from now. We could very easily see them drill between 50,000-100,000 metres and still have plenty of room to push further if needed.

We don't really know what kind of value to put on drill results that isn't there yet, but what we get in owning TomaGold is a lot of future news releases that is already paid for by someone else. Couldn't really ask for a better situation and this partnership certainly derisks our investment.

So why does IAMGOLD decide to buy into Monster Lake in November 2015 when they already have an existing JV with TomaGold? The answer is quite obvious to us, Monster Lake is of great importance to IAMGOLD and they want more ownership to keep competition away.

IAMGOLD has one operating mine in South America, three in West Africa and only one in Canada. Focusing on IAMGOLD's Canadian assets they have a troubled Westwood Gold mine (Quebec), a development project called the Côté Gold Project and its JV on Monster Lake. With issues at Westwood and a development project without a construction decision taken, it becomes clear to us the importance for IAMGOLD of making Monster Lake a success.



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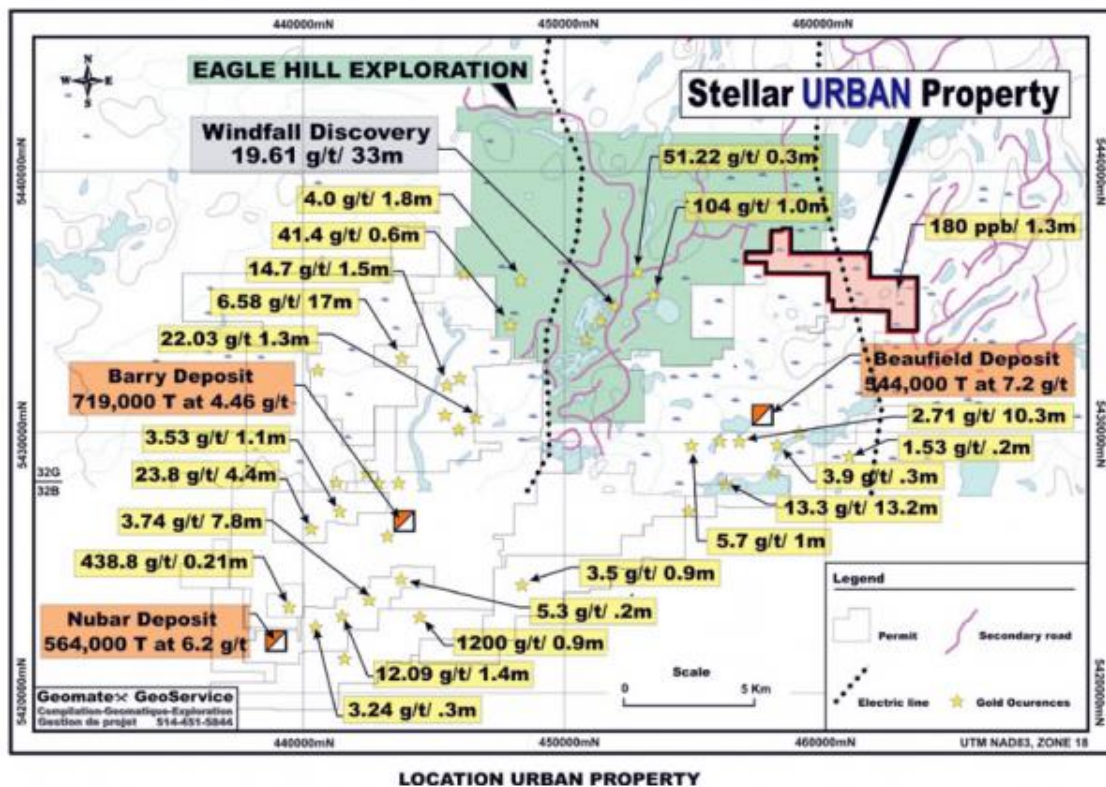
Is TomaGold's Urban Lake of interest to Oban Mining?

In our letter on Thursday we touched on TomaGold's Urban Lake property which lies just adjacent to Oban's Windfall project in Quebec. On Tuesday Oban released a corporate update where their CEO stated, and this is of importance to us,

"Marban and Windfall are now the main focus of Oban's efforts, and it is the Corporation's goal to move both projects forward in short order towards what we hope will become Quebec's two newest gold mines".

Oban has been very aggressive in acquiring assets they want. We met and talked with John Burzynski in November and he was very clear, Oban want to create the next Osisko and the way to do that is to consolidate large land areas to create mining camps that has the potential to host more than just one mine. Those are big words but with Oban's main focus now on making Windfall the next mine in Quebec, TomaGold's Urban Lake property might very well be of interest.

The potential value here could very well be in the neighborhood of TomaGold's current Mcap and it's something we get for free today as it's not priced in to TomaGold's share price.



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Final words

We know that drill results are due soon from this winter's expanded drill program and if results are good, the TomaGold stock will move much higher. Should we see a couple of high grade intercepts this stock could very well reach the 18-20c area. Remember, that would still leave an upside potential as the Mcap at 19c is still only ~\$15 million.

We try hard to find not only a great story with sound fundamentals, we also want to feel that the stock can move without a huge overhang or a messed up share structure. TomaGold is still very much flying under the radar, something a great press release will change in an instant.

Those of you who missed our write-up on TomaGold that we sent out on Thursday, can download it [using this link](#) (pdf).



Gecko Podcast - Interview with David Grondin, CEO of TomaGold

When we met David Grondin at Mines & Money in Hong Kong we were able to do a short interview. David walks us through some background, touches on the JV with IAMGOLD and also reveals the company's goal for the next 12-24 months.



[TomaGold - Exploring with other people's money](#)

In our quest to find a junior explorer making all of our criteria, we discovered this "flying under the radar" Canadian company. What we found was ...

[Read more...](#)