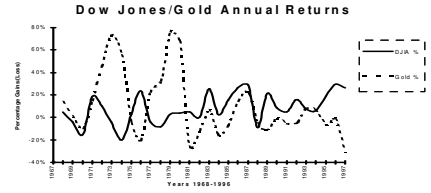




# Gold



## Energy & Tech Stocks

Weekly Hotline Message

(Now in our 34th Year)

May 1, 2015

Buy Recommendation

### Aurvista Gold Corporation



**Business:** Exploration and development of the Douay Gold Project

Traded Toronto:	AVA
US OTC:	ARVSF
Watchlist Price 3/11/15:	US\$0.047
Price 5/1/15:	US\$0.058
Shares Outstanding:	69.5 million
Market Cap:	US\$4 million
Institutional Holdings <sup>(1)</sup> :	62%
Fully Diluted Shares O/S:	75.5 million
Gold Resource <sup>(2)</sup> :	2,999,987 oz.
Market Value/Gold Ounce:	US\$0.93
Progress Rating:	A3
Web Site:	<a href="http://www.aurvistagold.com">www.aurvistagold.com</a>
Phone Number:	416.682.2674

<sup>(1)</sup> Institutional holdings: Vior Inc. 30%, Norvista Resources 12%, Management & Directors 7%, CDPQ/Sodemex 7%, Montreal Investment Group 6%. <sup>(2)</sup> Current mineral resources are broken down as follows: Indicated 238,433 ounces grading 2.76 g/t; Inferred 2,754,554 ounces grading 0.75 g/t.



This buy recommendation for Aurvista Gold Corp. should be read in conjunction with my comments of March 13, 2015, about this company when I placed it on my "Watch List." Aurvista was one of several companies I sold at the end of last year, not because I didn't believe in its long-term prospects, but because it could provide an immediate tax break and a chance to revisit its prospects during a period in the gold share market where there was little worry about a stock running away on the upside.

As I noted in my March 13 comments, the hiring of Jean

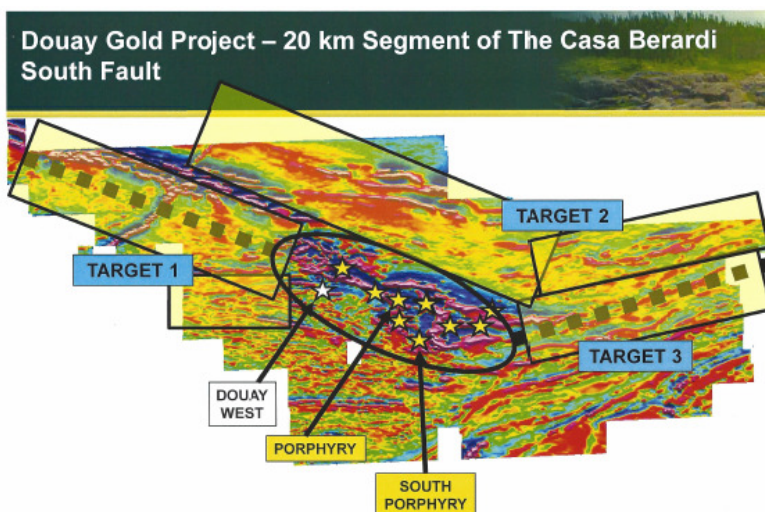
Lafleur as the company's president was key to my renewed optimism for this company and its Douay Gold Project. My confidence in Lafleur rests on his track record as a Professional Geologist with 30 years plus of experience in various capacities within the mineral exploration industry. He has been active with major mining companies like Newmont, Falconbridge, and Placer Dome. And from 1998 to 2003, Jean worked with McWatters Mining Inc., a Quebec-based junior exploration and mining company, and was instrumental in the discovery of new ore reserves for the company's gold projects in the Val-d'Or and Malartic Mining camps, including development of the bulk gold exploration program at the Canadian Malartic Gold Property which eventually became Osisko's 20 million ounce Canadian-Malartic Deposit.

Lafleur knows the geology as well any geologist does and in fact what has him so excited about the Douay's prospects is its similarity to the world-class Malartic Gold Mine discovered by Osisko. Not only is the Douay located in a similar regional geological setting and in the same Abitibi Gold Belt, but its structural patterns are similar as well, which is why Lafleur is so confident in his ability to ramp up this 3-million-oz. deposit into something much bigger. Whether the Douay can replicate Malartic with its 9 million ounces of reserves plus a whole lot more in various resource categories remains to be seen. But there is a huge amount of exploration potential, plus there are some strategic advantages that the Douay has that the Malartic did not have when Lafleur began exploring and developing that deposit. Specifically, the Douay has some higher-grade veins and I have to think management may be thinking in terms of some early production potential from near-surface high-grade veins from which to fund larger scale exploration. I say that because out of the blue in the March 24 press release, Lafleur stated, ***“In the event that any shareholder missed it, the Sleeping Giant mill owned by Aurbec Mines Inc., a subsidiary of Maudore Minerals Ltd., located 50 kilometers south and east of Douay, is now in receivership. A call for tenders is expected in Q2, 2015.”***

### Exploration Potential

In a March 24, 2015, press release, the company announced progress on engineering studies for an open-pit design at the Douay West Project. The work on pit engineering was completed but the firm that is carrying out the work, Golder Associates Ltd., was also retained to look at underground prospects including either an open-pit and underground scenario or an underground-only scenario given the potential to exploit the high-grade vein system in an underground scenario. The company wants to compare the economics of either scenario, but in order to do so is planning to complete an infill drilling campaign that would lead to an update of the mineral resource and the start of a more comprehensive prefeasibility study later this year. But I have to think that given Lafleur's "out of the blue" comment regarding the possible availability of the Sleeping Giant Mill, he has his eyes on possibly mining some higher-grade mineralization as a means of generating some early cash flows from high-grade near-surface veins in the Douay West area. I put in a call to the company's CFO regarding that idea. When I hear back regarding that matter I will let you know. But it is my hunch.

Absent from recent exploration efforts has been big picture generative work to better understand factors controlling



mineralization on the program. Under Lafleur's leadership, independent geophysical and geological consultant Yvan Bussières, PEng, of St-Eustache, Quebec has been hired to help refine the original 25 exploration targets outlined in 2014 into five higher-priority gold and base metal sites for follow-up fieldwork during the 2015 summer exploration season, assuming of course that the company can raise funding to carry out the work.

Regarding the exploration plans, Jean Lafleur recently stated: *“The strategy behind the ongoing geophysical and geological interpretation work was to assist in identifying additional targets with similar geophysical*

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*properties to those associated with already known gold mineralization on the project.”*

Management now believes that the previous and current results still show the potential for additional and significant gold and also base metal mineralization, similar to those of other bimodal gold and base metal occurrences and deposits in the Abitibi Greenstone Belt of Quebec and Ontario. With numerous electromagnetic input conductors identified outside of the known gold mineralization corridor, the potential for this 20-km-long Casa Berardi Deformation Zone to host a major deposit appears to be very good. In fact only about 5 kilometers of this 20-kilometer zone have been explored extensively and only another 5 kilometers have been explored at all. So the generative program is designed to provide a more intelligent, big picture understanding of the Douay’s prospects and to help prioritize its exploration efforts to expand mineralization to at least a potential 10-year mine life.

In addition to the generative program, ground geophysical surveys are being used to identify disseminated sulfides and faults potentially linked to the gold mineralization. A total of 68.6 new line kilometres of IP surveys were recently completed by the company covering gaps in the extreme NW corner of the Douay property and the western end of the porphyry zone. The porphyry zone sector hosts the majority of the lower-grade gold mineralization at Douay and overlaps the base metal target area west of the south porphyry. Both sectors covered were integrated with the 11 previously completed IP surveys done during previous campaigns and will be re-interpreted as a single database. Approximately one-half of the IP database has been compiled and readied for interpretation with final results expected later in the second quarter of 2015.

Early results show a complex network of faults criss-crossing Douay with consistent east-west, northeast-southwest and northwest-southeast trends mirroring structures outlined by the airborne magnetic survey that are parallel to the Casa Berardi deformation zone, its subsidiary faults and EM Input anomalies.

Lafleur noted in his March 24 press release that *“As a rule of thumb in the mining business [I want] to define minimum 10 years of mineral resources before advancing Douay West to the feasibility stage. Right now there are three additional gold targets within a 1-kilometer radius of Douay West from which to add mineral resources, in addition to the immediate Douay West potential on strike to the west of the planned pit and at depth below 250 meters. These additional zones include the Porphyry, Porphyry NW Extension, and the NW zones.”*

### **The Bottom Line**

As I noted in my March 11 report, the capital costs to commence open-pit production with custom milling are estimated to be C\$12.2 million. Assuming the market wakes up to this company’s potential and begins to price the ounces in the ground at a more reasonable level so that capital can be raised efficiently, even in these dire times, a \$12.2-million capital nut to crack does not seem out of the question. Potentially, work being carried out this year will upgrade and increase the Douay ounces and further enhance the economics. Once production begins, an additional \$50 million will be required to fund underground development and initial stoping. A higher level of confidence in the economics should be forthcoming with additional drilling and feasibility work to be concluded this year.

However, as noted above, management’s comments about examining both the underground-only option versus the open pit plus underground option, combined with Lafleur’s comments about the nearby possible acquisition of a mill at fire sale prices, lead me to believe underground mining of near-surface high-grade mineralization could be an emphasis early on to generate cash flow from which to expand this company’s growth organically. With the company now having a competent jockey in place to exploit this world-class exploration potential that I have always believed the Douay has, and with the gold markets seemingly bottoming out, I was compelled to put this company back on my list after “enjoying” a 2015 tax loss sale.

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