



Know when to hold-em!
Know when to fold-em!
Know where to set stops!
Know when to run!
Never count your portfolio
Until the sells are done..

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Yearly subscription US\$249

In hindsight we can now safely say the U.S. election meant one of the biggest leadership changes ever witnessed. This was also confirmed by the dramatic shift in market leaders in the stock market.

The FANG stocks (googles etc.), took a back seat and commodity based plays shot skyward.

This is a signal that major fiscal stimulus is on the way. Trump made his living using debt and real estate (hard assets) – you can bet his leadership will cherish low interest rates and demand for commodities is going a lot higher.

Dr copper, known to have a PhD in economics has soared in price. In the last 3 weeks it has moved from \$2.10 to a high just over \$2.70, a 30% up move and the largest of at least the past 10 years

We seen the big increase inflation expectations

CHART OF THE DAY



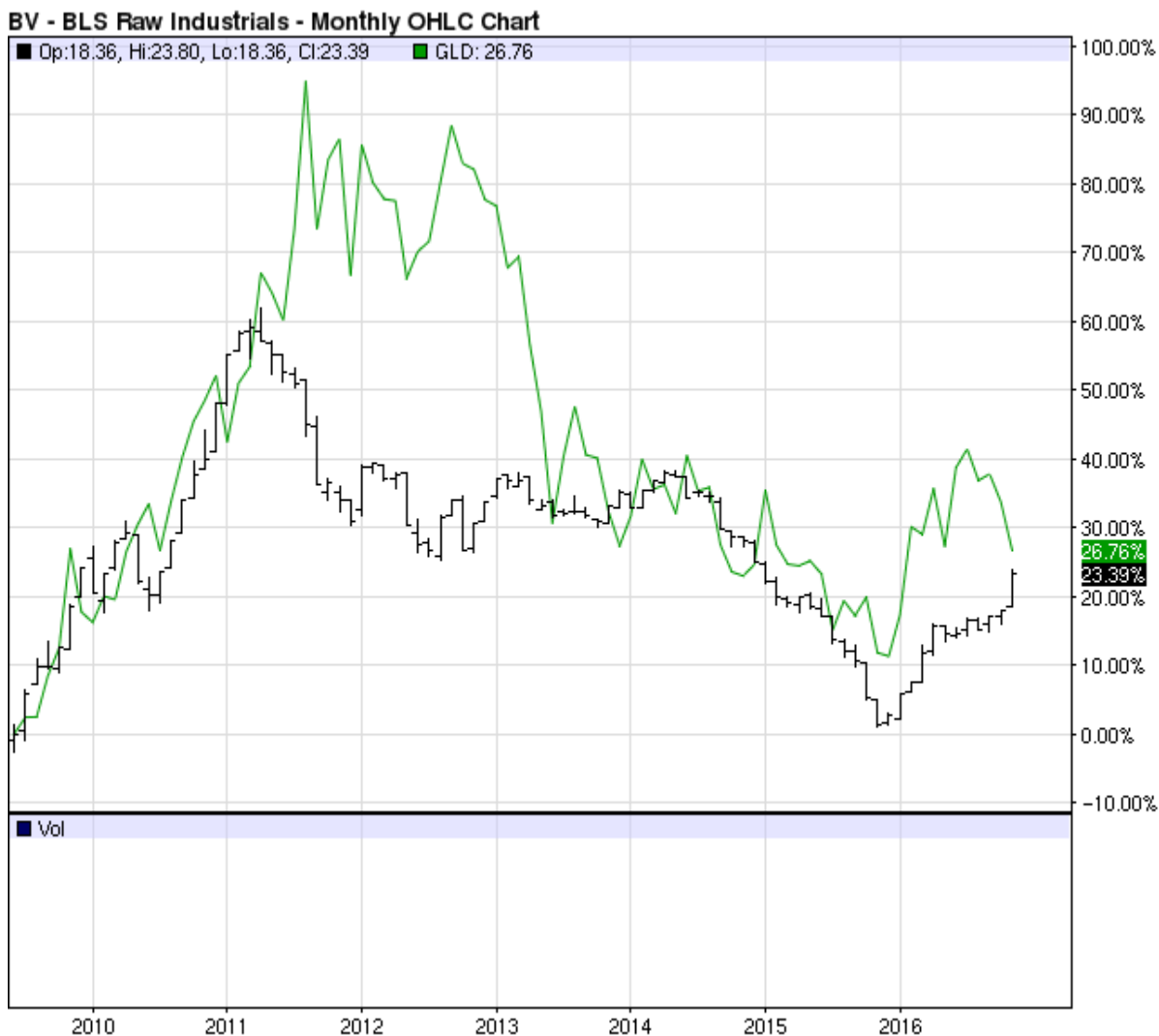
Ever since the old CRB index was hacked up into a black box computer model that adjust prices to the down side, I have been struggling to find a good index that can be used for historic comparisons and more accurate long and near term predictions.

The change was made in 2005 - for a number of years the old index was still available but no longer.

The Dow Jones commodity index has barely moved the past month and is heavily weighted in Energy and next precious metals. The new CRB - monthly adjusts weightings by increasing weighting in commodities going down in price and decreasing in ones that are rising. Since it's introduction it has proven to significantly understate commodities upward moves.

I believe the best thing I can find and to use now is the CRB raw industrial index. There is some awesome [long term charts here on this index done by Dr. Edward Yardeni](#) and just updated on November 21st.

The chart below compares Gold (GLD) to the Raw Industrials. What is obvious here is that Gold tracks this index very closely but sometimes out performing it and lagging a bit. Commodities peaked in the 1st qtr. Of 2011 but Gold peaked around mid year and held up longer and I believe that was because of the QE programs in 2009, 2010 and 2012



In 2016, Commodities and Gold shot higher and once again Gold out performed somewhat. Currently I have not found a better source for charting to show exactly what I want without using two charts. Above is a monthly chart until the end of October.

Something very strange happened in November. I see it as a huge aberration in the Gold market and the best opportunity we have seen since January this year and is probably the last big opportunity to buy cheap in the Gold market for some time.

The above chart shows Gold coming back towards commodities in October and you see this below, but November seen a big up move in commodities and at the same time a big down move in Gold.

This has become a very large 15% divergence and it won't last for a very long time. Either raw commodity prices come crashing down or Gold spikes higher. I have no doubt it will be the former. The post election shifts in the markets and typical year end weakness in Gold has created this temporary and wonderful opportunity for us.



We bought back our Gold stocks, but in the next month or so I am adding several more, including some junior explorers. I am also going to revisit long term Call options on Gold stocks. We made an average of 500% on these buying last December.

Here is the a long term chart of Gold where I highlighted the typical year end weakness. Gold has been weak and moved down at year end in every year of the past 9. And in 8 out of 9 a significant rally followed.

2016 will be no different – same song just a different dance



Oil

Oil is also lagging and I expect a strong rebound in 2017. I believe the extra supply and Oil in storage that we have been led to believe exists, probably does not - or for sure in much less quantities.

I did an article on Seeking Alpha about this. You will find very interesting. You can view it at this link <http://seekingalpha.com/article/4025391-mr-market-mother-nature-rocks-oil-first>

Here is a bit from this article and I encourage you to view it. It is free to view my Seeking Alpha articles you simply sign up with your email.

Summary

- Was the Oil price manipulated to hurt Russia?
- Chicken & Egg – Oil Storage or Price.
- The EIA's phantom oil storage.
- Earth quakes on the rise at Oklahoma oil hub.

What if oil storage is far less than the markets believe?

And at the same time production feel significantly because of less drilling.

It would mean the market could come back to balance very quickly.

We know that Saudi Arabia has a policy to maintain a spare output capacity between 1.5 to 2 million barrels and is currently pumping oil at a rate near a 32 year high. There is not much increase left in Saudi output.

The latest [EIA weekly report](#) shows that U.S production is already down - 6.1% from a year ago.

China's oil output dropped 11.3% from the same time a year ago

[In Norway](#) average production in September was: 1,375,000 barrels of oil, about 11% below the oil production in September last year.

Offshore Oil production now counts for 30% of total production and it is about to take a big hit. Infill drilling is used to arrest the natural decline in an offshore oil field.

This chart in my article shows the decline in infill drilling due to previous drops in the price of oil. The data is from the **Gulf of Mexico, Southeast Asia and Brazil**. The decline in infill drilling in 2009 was the largest... until now. **The first half of 2015 saw the largest decline in offshore infill drilling in history.**

I have decided to do regular weekly articles on Seeking Alpha. In most cases they will be copies of newsletter pieces and cover stocks already presented in the newsletter, so you will get first hand information.

I will likely put this newsletter up next week at Seeking Alpha with slight revisions

It has been a long battle for the Central Banks to create Inflation, but I believe it is now on it's way. It will be like the 1970s again but probably more robust. The 1970s was more about political shortages of commodities, (like the oil crisis, moving off the Gold standard). This time it will be physical shortages because of an exploding world population, climate change and many years of under investment and excessive regulation.

I believe it won't be long that we will see Oil shortages because of the price manipulation and huge drop in drilling. It will take many years for Oil companies to catch up as a result of this recent Oil crash.

Graphite

Graphite prices are derived from off take agreements and are not directly reflected in the Raw Industrials but Graphite is a very big part of this complex and we will now see Graphite prices pop higher along with them - and the Graphite stocks will follow.

Graphite is going to be one of the most exciting sectors, neck in neck with Gold.

Volkswagen and Mercedes-Benz parent company Daimler, which combined sell 13 million vehicles a year, predict EVs will account for between 15% and 30% of all vehicle sales by 2025 – The Australian November 12, 2016.

Battery anode material demand projections far exceed supply and over a 100,000 tonnes shortfall is project by 2019 (Syrah Resources presentation -Benchmark Minerals)

The race is on - and our 2 horses are the only ones on the track.

On November 17th Syrah Resources (ASX:SYR) announced they will build a battery anode material plant in Louisiana USA. Development is to begin in Q2 2017 with production expected in Q4 2018. The initial production is planned at 20,000 tonnes per year with approvals/permitting to 60,000 tonnes.

On November 22, Elcora Advanced Materials (TSXV:ERA) announced engineering plans are underway to construct a 2,000 tonne per year battery anode plant. Site selection in North America is currently underway with the objective to begin construction in early 2017 and to be completed by fall 2017.

Elcora's plant will start smaller but possibly be completed a year ahead of Syrah, so we will get a good idea how successful Syrah can become following what Elcora achieves. Elcora plans to go to 20,000 tonnes so could be at the same level as Syrah around the same time?

Regardless there will be plenty of room for both in the market.

Elcora Advanced Materials	TSXV: ERA	OTC: ECORF	Recent Price \$0.31
Entry Price \$0.16	Opinion - buy		

ERA is in the process of completing the engineering of a 2,000-tonne-per-year demonstration plant to produce lithium ion battery graphite anode base material by the end of 2016. Current market price for this material ranges between \$10,000-\$15,000 USD per ton. This plant will use the Elcora proprietary technologies, which proved cost effective and ecological, announced in their Press Release dated October 16, 2016 - Building and advanced testing of industry standard 18650 lithium ion batteries.

Site selection in North America is currently underway with the objective to begin construction in early 2017 and to be completed by fall 2017. To the best of our knowledge, there are currently no other commercial anode grade graphite producers in North America. The plant will be used to confirm performance at an industrial scale, leading to the establishment of a 20,000 tpa graphite material facility. Financing for the development and construction of the pilot plant is being pursued with strategic partners and government agency grants with the objectives of optimizing resources and being the least dilutive to shareholders.

Elcora is also currently confirming the performance of graphite from two different mines, one in Africa and the other in Europe, in addition to the operational Joint Venture mine in Sri-Lanka, to supply additional high quality graphite feed material. The Company has ten-year term renewable signed contracts to purchase graphite feed material, contingent upon successful testing, from these two entities.

"This move is part of Elcora's vertical integration strategy of added value processing to maximize returns to shareholders" said Troy Grant, Elcora's President and CEO.

New data from Benchmark Mineral Intelligence forecasts the anode market which is nearly exclusively served by naturally sourced spherical graphite and synthetically produced graphite to increase from 80,000 tpa in 2015 to at least 250,000 tpa by the end of 2020 while the market could be as large as 400,000 tpa in the most bullish of cases with no supply restrictions as global cell production surges on the back of maturing pure electric vehicle demand and the inception of the utility storage market.

The stock has been held back by a lot of warrants from previous financings that can be exercised at \$0.30, that I mentioned in an Alert some time ago. These warrants all expire in November and over half expired on November 10th with just over 6 million expiring November 30th.

This number could be less as some were probably exercised. The point being that the cap will come off the stock month end and we will probably see a move higher. This does not leave much time to accumulate stock at these prices.

The chart looks very good. The down trend channel has been broken. We have strong support at \$0.30 and a Stage 1 base has been building between \$0.30 and \$0.39 for almost 5 months.



<http://elcoraresources.com>

Zonte Metals TSXV:ZON
Entry Price \$0.15

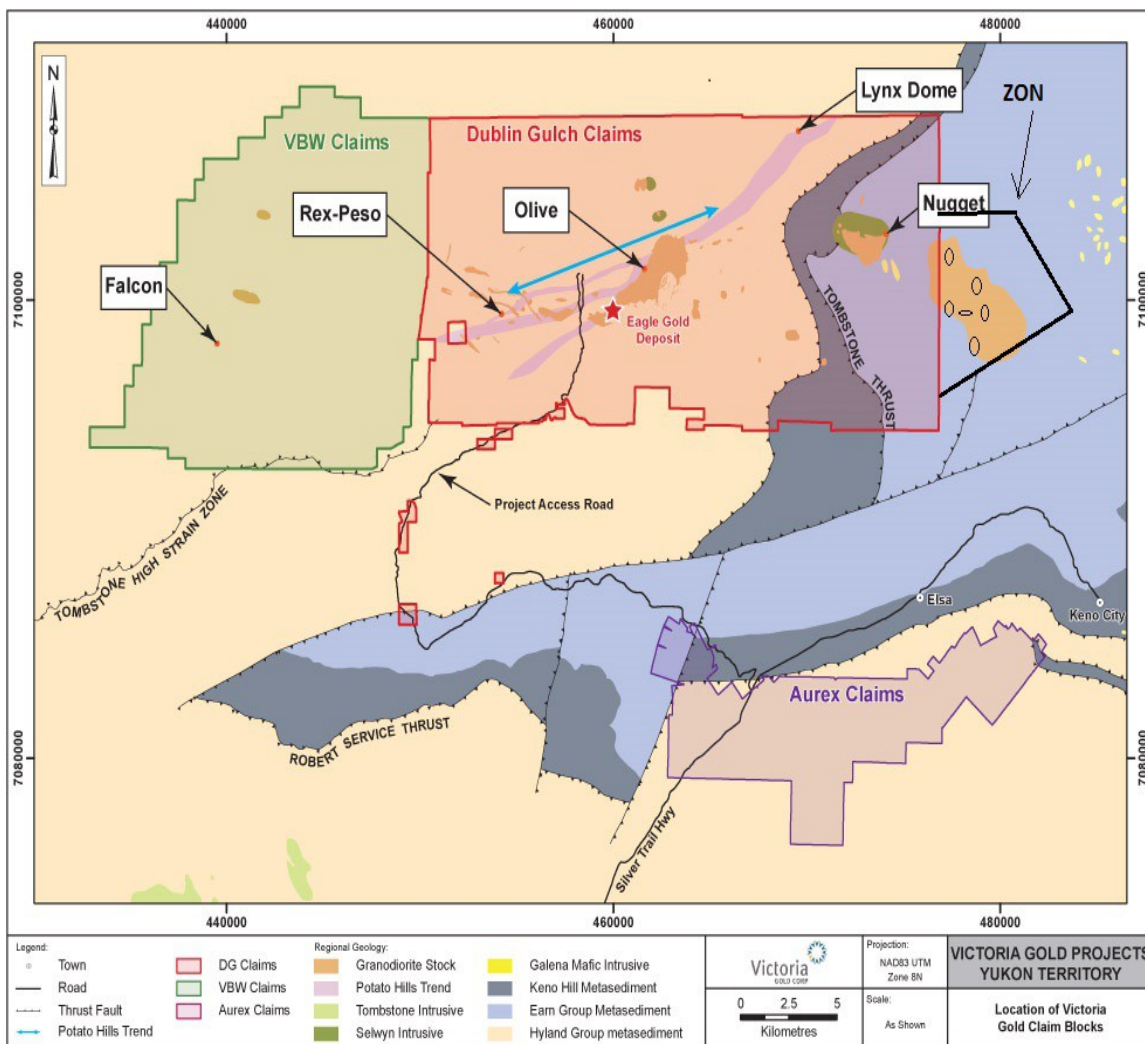
Recent Price \$0.11
Opinion - buy

I was surprised the stock did not move on the acquisition news but that is because there was one big seller in the market that dumped their stock. Since the news, someone out of TD dumped 440,000 shares at an average price of 9 cents.

Their mistake as far as I am concerned, but you never know why someone has to sell, maybe some emergency for funds?

Anyway that seller is gone and we could now see the stock move higher.

I was on Victoria's (TSXV:VIT) web site and noticed the Eagle Gold, Olive, Rex-Peso and Nugget deposits are on or near these Granodiorite Stocks. ZON's claims cover the biggest Granodiorite stock (brown) in the area and all 5 of ZON's anomalies (black circles) are on or near the edge of Granodiorite.



This map is not from Zonte but good to see Victoria actually shows the big potential of ZON's claims,

I also noticed The Fraser Institute's latest mining survey (2015) ranked Yukon as the world's No. 1 jurisdiction for mineral potential, and No. 9 for "investment attractiveness."

Goldcorp is also now in the Yukon, they bought out Kaminak Gold in May of this year for just over \$500 million. Their Coffee project has total indicated gold mineral resources¹ of 3.0 million ounces (63.7Mt at 1.45g/t) inclusive of total probable gold mineral reserves¹ of 2.2 million ounces (46.4Mt at 1.45g/t), and total inferred gold mineral resources¹ of 2.2 million ounces (52.4Mt at 1.31g/t).

<http://www.zontemetals.com>

Interesting news today with **Lexarria TSXV:LXX** and **NutriSci TSXV:NU**

NeutriSci and Lexaria have signed a memorandum of understanding forming a 50/50 joint venture

(JV) to develop and produce a line of healthy edible cannabinoid products using Lexaria's patented technology and NeutriSci's proprietary pterostilbene tablet formula, and to distribute the products through NeutriSci's international distribution network.

This JV will test and develop cannabinoid formulations based on NeutriSci's proprietary sublingual pterostilbene zero-sugar tablet formula and form factor, combining Lexaria's patented technology, which improves the bioavailability and taste of orally ingested cannabinoids. Under the JV, the companies will first develop its edible product using cannabidiol derived from full-spectrum hemp oil, which is legal throughout the United States, followed by further development using other cannabinoid products such as tetrahydrocannabinol. The JV will ultimately commercialize these potentially unique and proprietary edible products through distribution programs with existing strategic partners.

"We were immediately intrigued when we were approached with the idea of using our sublingual tablet and form factor to create a new line of zero-sugar and dose-controlled cannabinoid edible products," commented Glen Rehman, president of NeutriSci. "By combining Lexaria's technology to mask taste and increase bioavailability, this JV has all the tools to create a whole new line of healthy cannabinoid edible products, which will have high appeal with today's health-conscious medicinal consumers and recreational users. Consumers and regulatory groups will seek a product that is convenient, safe, dose controlled, effective and ultimately great tasting. This new groundbreaking proprietary tablet addresses all of those needs -- becoming an industry-leading solution in what will be a multibillion-dollar industry. We expect to complete the JV agreement in the next four weeks."

I expect this will benefit both companies.

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