



rhstruthers@gmail.com

519-374-9332

Yearly subscription US\$249

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..

Zinc, the Bulls are Circling and Majors Miners hungry

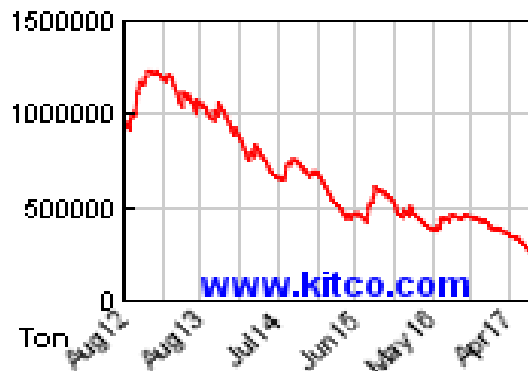
Of all the metals, whether precious or base metals zinc exhibits the most bullish fundamentals and best price. It is obvious when looking at this long term price chart.



SOURCE: TRADINGECONOMICS.COM | OTC

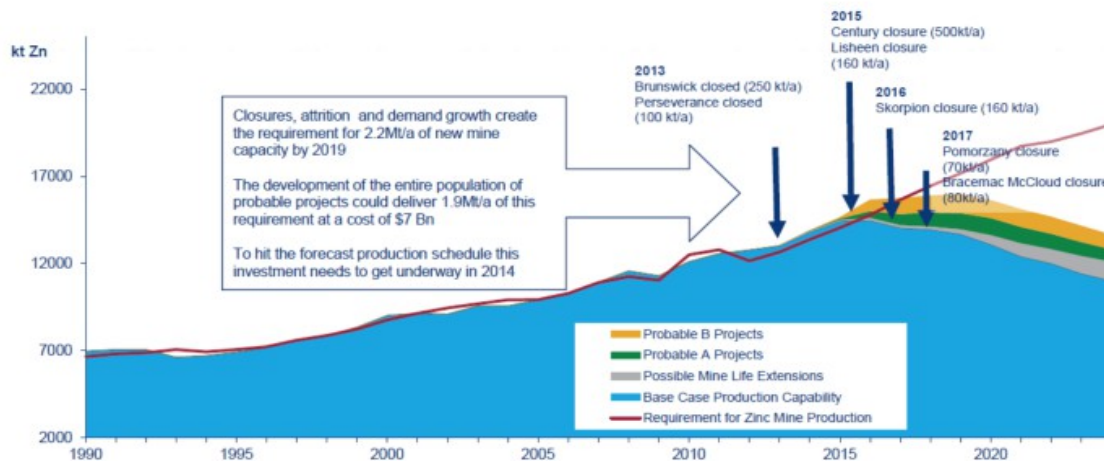
In August Zinc made new highs to US\$1.40 per pound and you can see by this chart on LME inventories that Zinc supply is running near empty

5 Year LME Zinc Stock



The next chart from Wood McKenzie shows supply in blue and demand the red line, hundreds of thousands of tons of zinc concentrate has come off-line in the past few years.

Closures, attrition and demand growth create requirement for 2.2Mt/a of new mine capacity



You can see the supply deficit looks to grow wider. There are four near term projects I have heard about that could help the supply problem.

[Rampura Agucha mine in India](#) is the world's largest zinc mine and is expanding

[Gamsberg Zinc Mine, South Africa](#) Phase 1 expected in mid 2018 will see the production of 4Mtpa of ore, resulting in zinc concentrate of 250,000tpa."

[Dugald River Australia](#) The optimized mine plan will support a 1.7 Mtpa operation with annual production of around 170,000 tonnes of zinc in zinc concentrate, plus by-products expected to start mid 2018

[Antamina Copper-Zinc Mine, Peru](#) The mine is expected to produce 340,000-350,000 mt of zinc in 2017, up from an estimated 170,000-180,000 mt in 2016

At 14 million tonnes per year Zinc is the fourth most consumed metal in the world after iron, aluminum and copper. These new mines are simply, too small and not enough to fill the gap.

Zinc Outlook for 2016 – Another deficit 14.33Mt demand and only 13.98 Mt mine supply

World usage of refined zinc metal is expected to increase by 3.5% to 14.33 million mt in 2016, primarily driven by a further 4.5% increase in China with continued infrastructure investment.

A sharp forecast fall in ex-China zinc mine production of 9.4% is due to a combination of mine closures and recently announced production cutbacks. A significant predicted 46% reduction in Australian production is a consequence of the closure of MMG's 500,000-mt/y capacity Century mine in August last year, cutbacks at Glencore's operations at Mount Isa and McArthur River.

Production is also expected to be lower in Ireland, where the Lisheen mine closed in November last year, India, Kazakhstan, the Democratic Republic of Korea, Saudi Arabia and the United States, mainly as a consequence of the suspension of operations at Nyrstar's mid-Tennessee mines.

Chinese imports of zinc concentrates are expected to be significantly lower than the 1.37 million mt recorded in 2015. Global refined zinc metal production is predicted to increase by 0.5% to 13.98 million mt in 2016 with a forecast 4% increase in China being largely balanced by an ex-China reduction of 2.3%.

Zinc is the 'Bull' in 'Silver Bull Resources'

Silver Bull Resources **TSX: SVB** **OTCQB: SVBL** **Recent Price \$0.12**

52 week trading range \$0.08 to \$0.22

Shares outstanding 199 million approximate (includes recent financing)

- The number one metal on the Major Miner's shopping list is Zinc and Silver Bull has to be on or near the top of that list.
- Silver Bull's Sierra Majada, Mexico has a lot of Silver at 90 million ounces measured and indicated but more so Zinc with 4.67 billion pounds.
- At today's metal prices the Silver is worth about \$1.5 billion and the Zinc \$6.5 billion.
- The best part is they have only scratched the surface as these 90 M ozs. Silver and 4.67 B pounds Zinc are in the near surface Oxide material that can be mined via open pit. They have only just begun to explore the deeper and probably richer Sulphides of the deposit.
- The market cap of about C\$24 million is very cheap when you consider the resources and the advance stage of their project.
- Seasoned and very experienced management team that can move this project forward

Management

Tim Barry CEO, President and Director was VP of Exploration, before stepping into the role of President and CEO in March 2011. Previously, he held the position of Chief Geologist for Dome Ventures Corporation, with projects in Africa. Mr. Barry has over 15 years of exploration and management experience and has worked as a Consulting Geologist and manager on projects in Canada, Mexico, Australia, New Zealand, Mongolia and West and Central Africa. Mr. Barry currently serves as a director for Sanatana Resources Inc. and Astar Minerals Ltd. Mr. Barry is a Chartered Professional Geologist and holds a BSc in Geology from the University of Otago in New Zealand.

Sean Fallis, Chief Financial Officer is a CPA and was formerly the corporate controller of gold producer Rusoro Mining Ltd. Prior to Rusoro Mining Ltd. Mr. Fallis worked with Canadian and United States publically listed companies in the audit and assurance practice of PricewaterhouseCoopers where Mr. Fallis focused on clients in the mining industry.

Brian Edgar, Chairman of the Board has broad experience working in junior and mid-size level natural resource companies. He previously served as President and CEO of Dome Ventures Corp. from February 2005 until it was acquired by Silver Bull in April 2010. Further, Mr. Edgar served on Dome's Board of Directors from 1998 to 2010. Mr. Edgar currently serves as a director of BlackPearl Resources Inc., Denison Mines Corp., Lucara Diamond Corp., and ShaMaran Petroleum Corp. Mr. Edgar practiced corporate/securities law in Vancouver, British Columbia, Canada for sixteen years.

Daniel Kunz, Director has more than 35 years of experience in international mining, energy, engineering and construction, including executive, business development, management, accounting, finance and operations. He is the Founder, Chairman and CEO of Gold Torrent, Inc., a startup gold mine development company. In addition, Mr. Kunz is the Founder and from 2003 until he retired in April 2013 was the President and CEO and a director of U.S. Geothermal, Inc., a renewable energy company that owns and operates geothermal power plants in Idaho, Oregon, and Nevada. Mr. Kunz was Senior VP and COO of Ivanhoe

Mines Ltd. from 1997 to October 31, 2000, and served as its President, CEO and Director from November 1, 2000 to March 1, 2003. He was part of the team that discovered Oyu Tolgoi, one of the world's largest copper-gold deposits. Mr. Kunz was Founder of MK Resources LLC, formerly known as the NASDAQ-listed company MK Gold Corporation, and directed the company's 1993 initial public offering as President, Director and CEO. For 17 years, he held executive positions with NYSE-listed Morrison Knudsen Corporation (including Vice President and Controller). Mr. Kunz holds a Masters of Business Administration and a Bachelor of Science in Engineering Science. He is currently a director of Chesapeake Gold Corp., Gold Torrent, Inc., Greenbriar Capital Corp. and Gunpoint Exploration Ltd.

John McClintock Director has a significant amount of experience in all facets of the mineral exploration business. He currently serves as the President of McClintock Geological Management, which provides ongoing management services to Northisle Copper, Gold Inc. From February 2007 to November 2008, Mr. McClintock served as President and CEO of Savant Explorations Ltd., a publicly-traded company on the TSX Venture Exchange. From January 2006 to February 2007, he served as President and COO of Canarc Resources Corp., where he negotiated, among other things, a large land purchase in Mexico. From November 2004 to December 2005, Mr. McClintock served as an Exploration Manager for BHP Billiton, where he ran a \$80 million exploration budget. Mr. McClintock holds an MBA from Simon Fraser University and an undergraduate degree in geology, with honors, from the University of British Columbia.

Projects

Sierra Mojada, Coahuila, Mexico, 100% owned and 4,715 hectares (11,651 acres),

Sierra Mojada is located in a historical high grade silver, lead, zinc mining district discovered in 1879. Current resources are near the base of the mountain, near bottom and right in this picture.

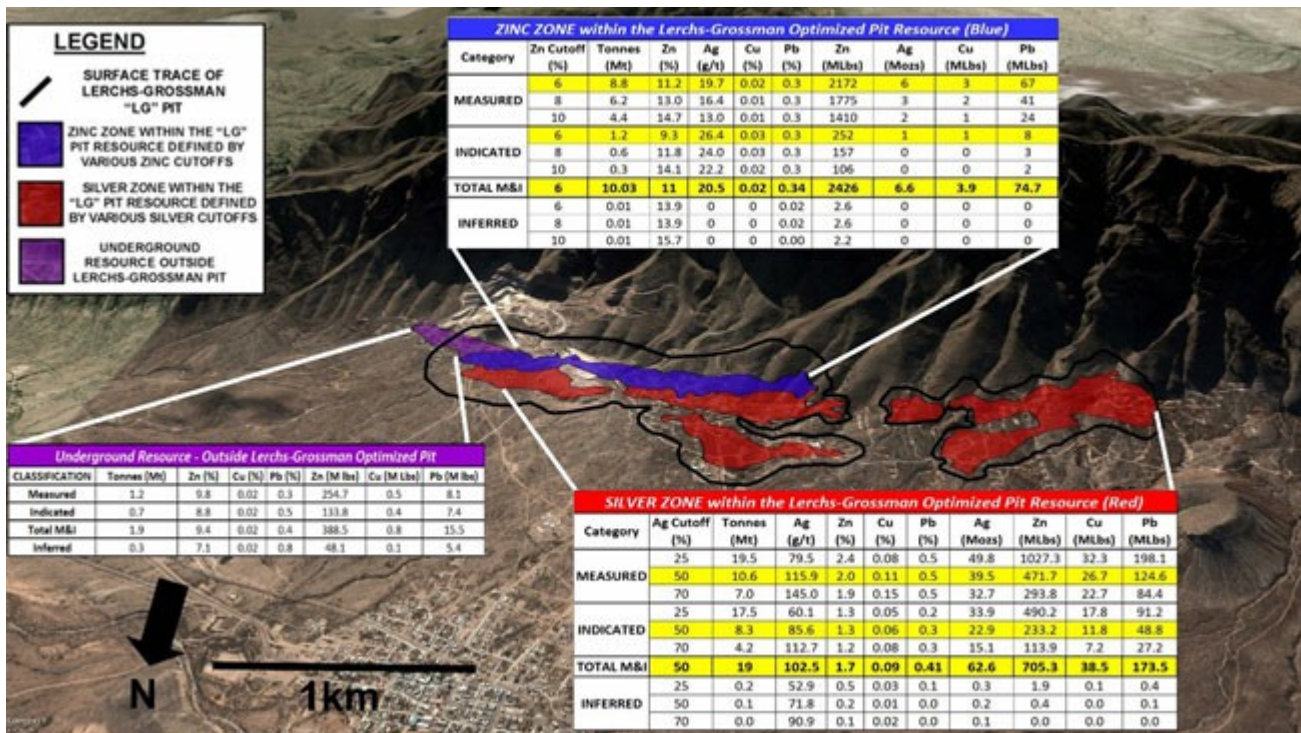


The project has a NI43-101 compliant measured and indicated Global resource of 58.7 million tonnes grading at 3.6% zinc and 50 g/t silver for 4.670 billion pounds of zinc and 90.8 million ounce of silver.

Within the Global Resource, discreet high grade zones of the silver and zinc mineralization occur and include:

- A high grade measured and indicated "Zinc Zone" of 10.03 million tonnes at an average grade of 11% Zinc at a 6% cutoff for 2.426 billion pounds of zinc.
- A high grade measured and indicated "Silver Zone" of 19 million tonnes at an average grade of 102.5 g/t at a 50g/t cutoff for 62.6 million ounces of silver.

The high grade Silver and Zinc zones are shown in the table below at various grade cutoffs.



There is 3 key elements I like about this project and one is that it has a high grade Zinc area and a high grade Silver area. This gives development flexibility to focus on production on one metal over the other if there is a price advantage

When you combine the great location, infrastructure, advanced stage of the project and cheap price it is quite unique. Giving half value for Zinc and half for Silver, **the Silver is only valued around \$US\$0.13 per ounce and Zinc virtually nothing at 1/4 a cent per pound.**

And 3rd, it appears they are just now discovering the high grade core of this system. It reminds me a lot of Western Silver. Many of you will remember that Western Silver was the only stock we made 1,000% plus gains on twice with two consecutive discoveries. I could call it a claim to fame for my newsletter, but I have no fame so I will just chalk it down as probably the only newsletter with such a feat. I am not saying Silver Bull will make us 100% twice but Western Silver developed their Penasquito project for many years in Mexico before they found the high grade core of the system that enticed [Glamis Gold to buy them out in 2006](#) (now Goldcorp).

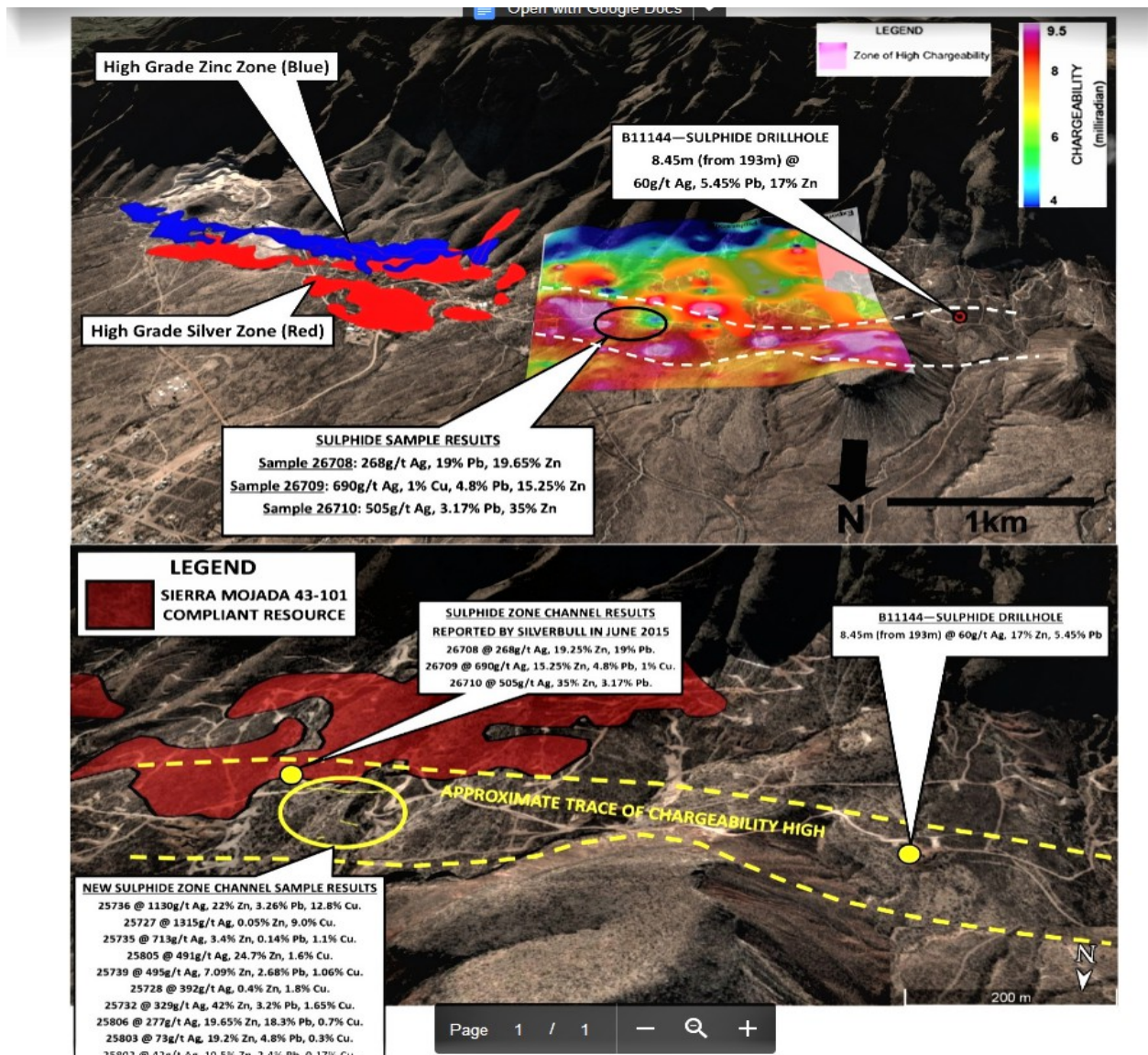
[Last week SVB put out news](#) that provides a strong clue they have discovered a very high grade area.

Silver Bull Identifies a New Massive Sulphide Zone Grading up to 1315 g/t Silver, 12.8% Copper, 18.3% Lead and 42% Zinc at the Sierra Mojada Project, Coahuila, Mexico.

Highlights from the channel sampling program include:

- Sample 25736 @ 1130g/t silver, 22% zinc, 3.26% lead, 12.8% copper.
- Sample 25727 @ 1315g/t silver, 0.05% zinc, 9.0% copper.
- Sample 25735 @ 713g/t silver, 3.4% zinc, 0.14% lead, 1.1% copper.
- Sample 25805 @ 491g/t silver, 24.7% zinc, 1.6% copper.
- Sample 25739 @ 495g/t silver, 7.09% zinc, 2.68% lead, 1.06% copper.
- Sample 25728 @ 392g/t silver, 0.4% zinc, 1.8% copper.
- Sample 25732 @ 329g/t silver, 42% zinc, 3.2% lead, 1.65% copper.
- Sample 25806 @ 277g/t silver, 19.65% zinc, 18.3% lead, 0.7% copper.
- Sample 25803 @ 73g/t silver, 19.2% zinc, 4.8% lead, 0.3% copper.
- Sample 25802 @ 42g/t silver, 10.5% zinc, 2.4% lead, 0.17% copper.
- Sample 25801 @ 33g/t silver, 8.1% zinc, 3.4% lead, 0.1% copper.

These are extraordinary grades (shown below in lower left circle) and probably represents a large sulphide deposit. The current open pit resources is the upper oxide resources of likely a very large system.



Shown above, the new sulphide zone lies within a 1.4 kilometer long east-west trending "chargeability high" identified through a gradient Induced Polarization (IP) survey. This east-west trending zone hosts two other zones Silver Bull has identified with sulphide mineralization which grade up to 690g/t silver, 35% zinc, 19% lead and 1% copper and also includes **Silver Bull's only significant sulphide drill hole** intercept of 8.45m @ 57g/t silver, 5.45% lead, 16.98% Zinc.

The fact the only sulphide drill intersect (B11144) and the recent high grade channel samples correlate with the chargeability high is a strong indication the IP survey has accurately found the sulphide zone.

So the IP survey has identified this sulphide zone and better still is the fact the new zone of massive sulphide is accessible via existing historical underground workings.



This means they can easily access this underground and next will come a drill program to exploit the real potential here and that is what I mean by interesting times are arriving.

Financial

Last financials show about \$350,000 in cash and no long term debt. Since then SVB closed their 8 cent financing of about \$1.7 million with two tranches in mid July and the last bit on August 4th. A Sprott managed fund participated for 2.5 million units.

Summary

You can see by SVB's results that we are looking at very high grade material and it is quite common in this district. Historically, district ores have been selectively mined, mostly by Penoles and Asarco for high grade to be direct shipped to smelters. There has never been a mill in the district to concentrate lower grades.

This should turn out to be a very attractive take over target for a major because of it's large size and high grade. Mineralization starts at or near surface so strip ratios and costs will be low.

The company has just initiated the first drill program to target the sulphide part of this deposit and looking at the IP survey it becomes quite evident that the likelihood of this been very large and high grade is very probable.

Whether you value this on the Silver resources or Zinc resources, the stock is very cheap

One of the main reasons the stock has seen considerable weakness and is cheap is that [Coeur Mining](#) that most of you know of, was a major shareholder. However a change of direction by the Coeur board of directors to divest in junior exploration stocks led to a liquidation of their holdings in Silver Bull and price pressure on the stock over the past year or so.

Currently shares can be had for a few pennies above the 2016 lows and 85% below the 2011 highs. At 12 cents the market cap is about \$24 million. There is not a lot of significant Zinc companies but more so have focused here in the last few years.

Silver Bull has a significant and growing Silver deposit at 90 million ounces, but if we just ignore that and look at the at 4.670 billion pounds of zinc grading 3.6% and compare to other public Zinc companies.

The most advanced junior that could go to production by 2020 is:

[Arizona Mining](#) 302M shares X \$3.12 = \$942M market cap. Their project in Arizona has 72 million short tons at 4.3% zinc, about 6.1 billion pounds of Zinc

[Zinc One](#) 58M shares X \$0.45 = \$26.1M market cap. They have about ½ billion pounds in a historical resource of 1,007,796 tonnes at 21.61% Zinc at their Bongara Mine in Peru and a Zinc exploration project in B.C.

[Pine Point Mining](#) 141M shares X \$0.28 = \$39.5M market cap. They have advanced their Pine Point project in NWT to Pre Feasibility with 25.8m tonnes M&I at 2.9% Zinc for 1.6 billion pounds Zinc

[Canadian Zinc Metals](#) 163M shares X \$0.25 = \$41.8M market cap and have an Indicated resource of 19.6 million tonnes at 8.2% Zinc for 3.54 billion pounds Zinc.

Arizona Mining is much further along but gives you an idea what a large Zinc deposit could be worth. Silver Bull may be there in a couple years. Zinc One has a pretty small resource at this time.

Best comparable would be Pine Point but only has 1.6 billion pounds Zinc and Canadian Zinc that is close at 3.54 billion pounds but only in the Indicated category. In both cases these companies are valued about 2 times higher than Silver Bull.

On the chart next page, the stock broke from it's base on the recent channel sample news and is attempting to break over the 200 day MA. I see some resistance from current prices to about 16 cents, but once through that it could more easily move up to around 25 cents



I bought shares in a recent private placement and on the market. Silver Bull is an advertiser on playstocks.net

(c) Copyright 2017, Struther's Resource Stock Report

All forecasts and recommendations are based on opinion. Markets change direction with consensus beliefs, which may change at any time and without notice. The author/publisher of this publication has taken every precaution to provide the most accurate information possible. The information & data were obtained from sources believed to be reliable, but because the information & data source are beyond the author's control, no representation or guarantee is made that it is complete or accurate. The reader accepts information on the condition that errors or omissions shall not be made the basis for any claim, demand or cause for action. Because of the ever-changing nature of information & statistics the author/publisher strongly encourages the reader to communicate directly with the company and/or with their personal investment adviser to obtain up to date information. Past results are not necessarily indicative of future results. Any statements non-factual in nature constitute only current opinions, which are subject to change. The author/publisher may or may not have a position in the securities and/or options relating thereto, & may make purchases and/or sales of these securities relating thereto from time to time in the open market or otherwise. Neither the information, nor opinions expressed, shall be construed as a solicitation to buy or sell any stock, futures or options contract mentioned herein. *The author/publisher of this letter is not a qualified financial adviser & is not acting as such in this publication.*

