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# Resource Maven

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the Resource Markets



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## Troubadour Resources: Tight Structure, Strong Team, Projects With Prime Potential

*With many metals investors still waiting for a better market before placing their bets, only the very best exploration companies can raise capital today. Capital means the chance to make a discovery – and in such a quiet market, discoveries are getting a lot of attention.*

*Troubadour has all the characteristics of a “very best” explore-co, including a new project likely to generate splashy intercepts of high-grade gold.*

Investors remain cautious on metals. There’s consensus that metals from gold to iron ore are setting up for a solid run – but that run has yet to really get underway.

Until it does, exploration companies have to compete for a very limited pool of investor dollars. Only the very best succeed at raising money.

What do these ‘best’ companies look like? They have strong projects in favoured jurisdictions. Their targets are what the market wants, which right now is high-grade gold or copper with grade and scale. They have tight share structures so that success drives major share price gains. They are managed by folks with past successes who are focused on creating new value, know how to manage and tell an exploration story, and are careful with cash.

Companies offering all of this can raise cash. With cash they can explore, which means they have a chance to make a discovery. And with so few companies really exploring, discoveries get a lot of attention – which means share prices really move.

**Troubadour Resources** ([TSXV: TR](#)) ([OTCQB: TROUF](#)) fits all these requirements, which means it is a company with that chance.

TR has two strong projects in British Columbia. They are targeting high-grade gold at one site and copper-gold porphyry at the other. And the young company has only 21 million shares outstanding, 38% of which sit with management and close associates.

Troubadour was borne out of Coast Mountain Geological, a group of geologists who have provided contract exploration services to junior companies for decades. That backdrop means management have worked hundreds of projects, which means they can identify standout opportunities and know how to create value when given the chance.

And experience breeds efficiency: these guys know how to get the most out of every exploration dollar.

I invested in Troubadour last fall based on its Amarillo project. Amarillo is in southern BC, in copper-gold porphyry country, and it offers up a strong porphyry target. With one round of drilling now done Amarillo hasn't offered up a porphyry yet but the targets deserve more time and attention, which they will get this summer.

While they work Amarillo the Troubadour team decided to jump on another opportunity. Piles of projects come through the Coast Mountain office and the Privateer project was too good to ignore.

Privateer is on Vancouver Island, on the northwest coast near the town of Zeballos. There was a gold rush in Zeballos in the 1930s; by 1940 there were 9 underground mines in operation and in a few short years the area produced just over 300,000 oz. gold from 334,000 tonnes of rock.

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That's easy math: the mined rock averaged almost an ounce per tonne.

Mining didn't last long. The war meant there were no men available to mine; after the war the price of gold was too low for the mines to be worth the effort.

The Zeballos gold camp spent the next 70-plus years in pieces. Small properties and fragmented ownership meant no one could explore effectively. Then Surespan took on the challenge and consolidated the camp.

Surespan is a large, vertically integrated engineering and construction company. Some folks in management saw opportunity in consolidating the Zeballos camp,

but once they had it together they knew they needed exploration experts to work the ground.

Enter Troubadour. In a March 2019 deal the partners put the Privateer project into Troubadour while bringing Surespan in as a major TR shareholder.

Before getting into Privateer, let me point out two things. First, yes the fact the Privateer is on Vancouver Island is a concern. Here I want to differentiate between two kinds of jurisdictional risk.

The first kind is actual risk: will TR be able to operate at Privateer? I think the answer to that is yes. I grew up on Vancouver Island, so it's a jurisdiction I know well. The northern half of the island is resource based (logging, fishing, quarrying). There is always a risk that protestors could decide to oppose TR at Privateer, but I think the local population will be neutral on the project, at least during the exploration phase. It also very much helps that Surespan is very well established in the area. They have been talking to locals about the gold potential at Privateer for years, including the First Nations with whom they have a smooth, established relationship.

So I don't think actual risk is significant. However, the second aspect of jurisdictional risk is investor perception. Will the market understand that working an established, locally supported project on northern Vancouver Island is very different than staking ground near the environmental populations on the south side of the island? That is harder to answer. What I can say is that TR has to face that challenge head on and spend serious time ensuring the market sees that it can operate and has local support.

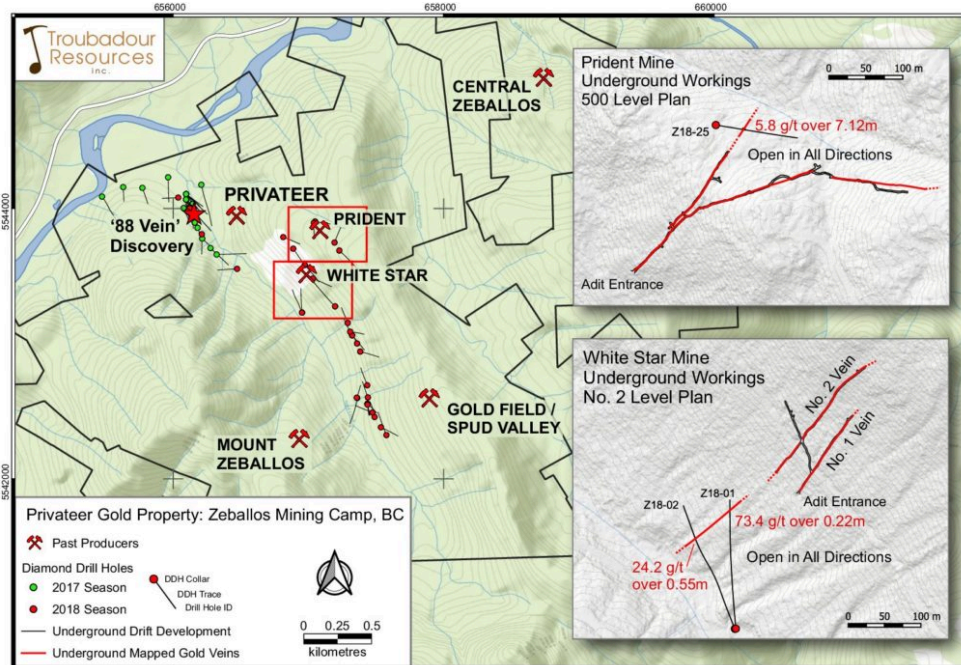
The second thing I want to point out is Surespan as a shareholder. If Troubadour makes all three payments, to own Privateer outright, Surespan will end up owning somewhere between 20 and 30% of Troubadour (it's impossible to calculate precisely because it depends how many shares TR issues in financings during those years). That's a big chunk of shares – but it's with a good group. The group at Surespan who saw the Privateer opportunity did not want to let the asset go, but they also knew they didn't have the exploration expertise the project deserves. So they did the deal but at this point I would expect them to hold their shares – to retain their exposure to the upside. That keeps those shares locked away, helping keep TR's trading float very tight.

### **Privateer**

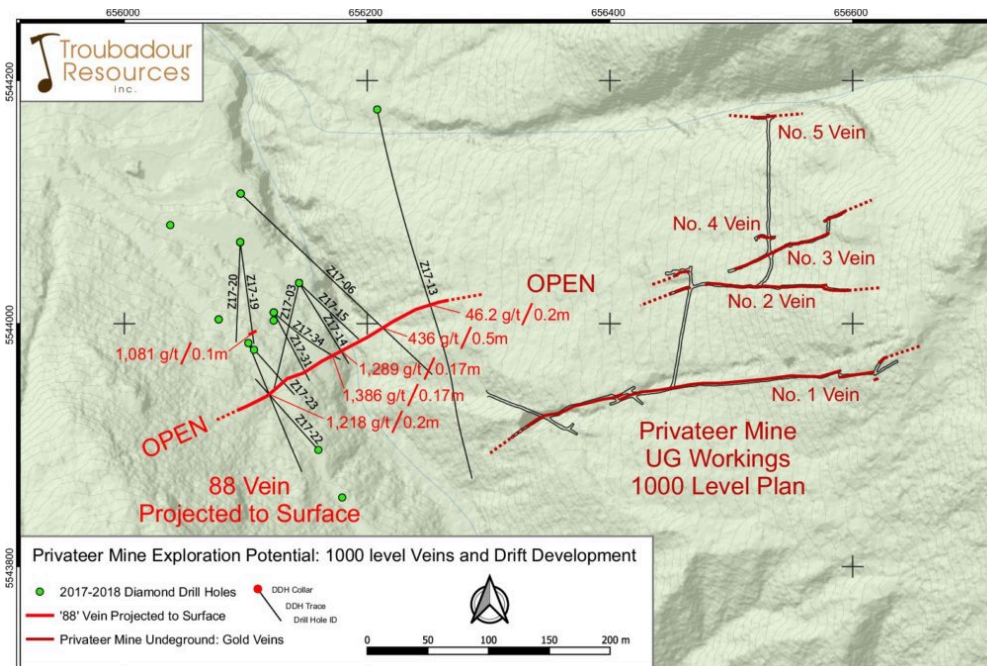
The nine mines of the Zeballos camp produced a lot of gold in a short time...and then the miners went to war and the camp was largely forgotten. The area ended up divided into small pieces scattered amongst families, which meant no one ever stepped back and thought about the camp as a whole.

That is what Troubadour is gearing up to do.

The Privateer property includes six of the nine mines. Just glancing at the map you can see several instances where there are different mines a few hundred metres apart along strike – but with the ground in between has never been tested.



Zooming in on the Privateer area shows how one of the few exploration holes drilled in the area in recent years hit into a high-grade vein by drilling along strike from old workings.



The Privateer mine is on the right. The 88 Vein discovery is on the left. It returned three short but very high-grade hits including 1,387 g/t gold over 0.3 metres and 436 g/t gold over 0.5 metres.

Surespan discovered the 88 area simply by stepping west along strike from the No. 2 vein. That does two things: underlines how prospective these areas of untested strike between historic mines are and highlights Troubadour's first drill target, which is the 275-metre gap between No.2 Vein and the 88 Vein discovery. That's the most obvious target, but most of the veins that were mined 70 years ago remain wide open along strike. Glance back up at the first map. In the Prident Mine area, Surespan punched a hole 50 metres northeast of known mineralization and hit 7.1 metres of 5.8 g/t gold. At White Star, Surespan stepped 80 metres southwest of the old workings and hit 0.6 metres of 24 g/t gold. Each of those hits open up a vein that produced very high-grade ore historically for expansion. And there are multiple such veins and workings that have not been tested for expansion yet.

The first step is to go through all the data, from all the old mines, and piece together a geologic concept for the area. From there, Troubadour will be able to pull the best targets from what I'm sure will be a long list of drill targets. Actually, the very first step is to close the deal. Troubadour is currently in its 90-day due diligence period. Once it has gone through enough of the data to feel confident in its decision, it will make the first payment and get to work. A new road to get around the site will be on the To Do list, as will sampling to assess some historic resource estimates left behind on the old mines.

But the whole time Troubadour will be building a fulsome geologic picture of the Zeballos camp aimed at identifying its best drill targets. And within a few months the company will be out drilling those targets – and likely announcing some high-grade results.

This is exploration so there are no guarantees. And I know the market will be a little uncertain of a project on Vancouver Island. But if Troubadour can operate there smoothly, getting permits and working with the locals off the bat, and then can start announcing high-grade results that outline consistently mineralized, near surface veins – investors should come around.

And when a company has only 21 million shares outstanding, it doesn't take much buying pressure for the price to really move.

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