

July 22, 2021

## How to Follow the Money

*The SEDI (System for Electronic Disclosure by Insiders) website can be difficult for new users to navigate, yet it stores invaluable information for investors in the form of insiders' reports from all Canadian-listed stocks. For instance, insiders' trading activities reflect their sentiment about the companies whose shares they own, directly impacting their stock price. The reports also help gauge the interest that major and mid-tier producers may have in forming M&As with junior miners. Finally, insight into the market's movers and shakers is also crucial, as these high-net-worth individuals indirectly promote the companies in which they participate.*

The risk to reward ratio is a fundamental tenet for any company or person to understand before making an investment decision in the junior mining sector. The reward lies in the company's asset/s upside and/or its management team and/or its valuation, among other factors, while risks are legion, including resource, technical, infrastructure, security, execution, geopolitical, and financing.

Once those factors have been considered and the decision to add a position to a portfolio has been made, the timing of the purchase is key to maximize potential returns. Technical analysis (relative strength index, 52-week range) and the possibility of an upcoming financing, or the expiry of warrants, are critical, but following the company's insiders' money is also key.



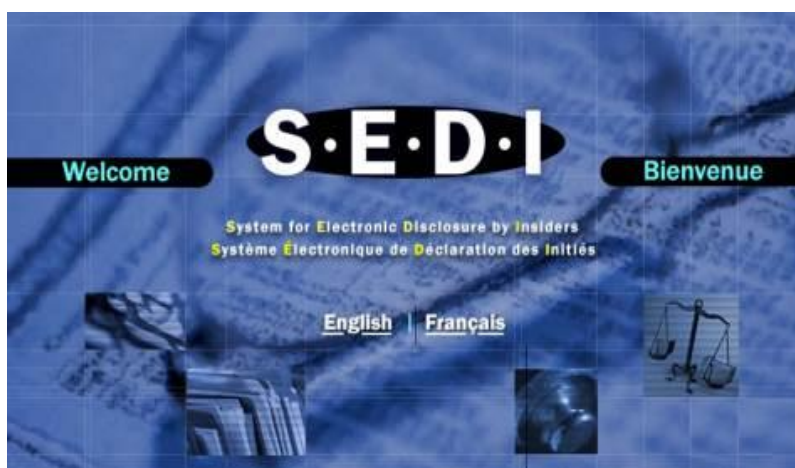
(Just how did Uncle Pennybags get rich?  
Source: [globeconomicwarfare.com](http://globeconomicwarfare.com))

### ***It's SEDI, not SETI***

Keeping abreast of the transactions conducted by a company's insiders (other companies, high-net-worth individuals, management, and board members), who should have more information about the company's valuation than outsiders, is a particularly good habit for any investor in the junior mining sphere.

Public access to Canadian-listed companies' insiders' data is provided by SEDI™ (System for Electronic Disclosure by Insiders, [sedi.ca](http://sedi.ca)), not to be confused with SETI, a non-profit organization in the pursuit of extraterrestrial intelligence.

The former has a 'user-unfriendly' website established by the securities regulatory authorities of British Columbia, Alberta, Ontario, and Quebec in 2003 to track insiders' stock trades and securities' ownership, (Fig. 1).



(Figure 1: Less than a 'user-friendly' system to extract insider information from TSX-listed companies. Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi))

Given the invaluable content of this resource, I thought I would explain how to access its information to those that have never used it:

**Step 1** - Once you get past the front page, select *Access public filings* under *Reports*, (Fig. 2):

#### **Welcome to SEDI:**

The System for Electronic Disclosure by Insiders (SEDI) is Canada's on-line, browser-based service for the filing and viewing of insider reports as required by various provincial securities rules and regulations. SEDI replaces paper-based reporting and provides for an efficient disclosure process.

#### **Registration:**

Insiders, issuers or agents wishing to file insider reports or make other filings in SEDI for the first time must complete the SEDI User Registration Form (Form 55-102F5). To access this Form, click [Register as a SEDI user](#). Email your completed and signed registration form to the CSA Service Desk to [sedi@csa-acvm.ca](mailto:sedi@csa-acvm.ca) or by fax at 1 866 729-8011 within North America (905-826-4937 outside of North America).

#### **Login and Filing:**

If you have already registered as a SEDI user and wish to make SEDI filings, click [Login](#).

#### **Reports:**

Under [Access public filings](#), insider reports, public SEDI filings and certain related information filed in SEDI can be viewed, such as :

- Insider's profile
- Issuer's profile
- Summary of reports compiled for the applicable securities regulatory authorities etc.

#### **Using SEDI:**

To find information on how to use SEDI, click on [Help](#). Here you will find quick reference guides and helpful hints explaining specific topics related to using SEDI.

(Figure 2: Accessing public filings. Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi))

**Step 2** - On the next page, select **View summary reports** on the top left menu and then, choose **Insider transaction detail** under *Report Titles*, (Fig. 3):

**S·E·D·I**

**View summary reports**

View insider information  
View issuer information  
**View summary reports**

**Tips on Entering Search Criteria**

- To locate the information you are looking for more easily, specify as much information as possible in the search criteria to narrow your search. For example, when searching based on the name of an issuer or insider, avoid searching on names that start with the letter "A" etc.
- When searching based on a date range, if you specify the lower end of a date range on a criteria screen that precedes the first date of the implementation of SEDI, the search results will only include data filed on or after the date of system launch except when searching based on 'transaction date'. For example, transactions may be reported right after system launch for transactions that occurred prior to the implementation date.
- Remember, reports filed in paper prior to system launch will not appear in results.
- When searching based on broad criteria, you may receive a message upon submitting the search that the system found more results than can be displayed on the report. If this happens, you need to refine your search criteria to narrow your search.

Please select a report to run from the list of available reports below.

Report titles	Description
<input checked="" type="radio"/> Insider transaction detail	Active insider transactions special filters available to narrow results as desired.
<input type="radio"/> Issuer report history	The system will provide a list and description of issuer events and issuer grant reports matching the search criteria.
<input type="radio"/> Insider information by issuer	The system will provide a list of all insiders related to a specified issuer; results presented may include just a listing of the insiders name or may also include a summary of the insider's holding by class of security.
<input type="radio"/> Weekly summary	Generated weekly summary of transactions

Next

(Figure 3: Pick the tab 'View summary reports' and the 'Insider transaction detail'.

Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi))

**Step 3** - The next page requires the most input about the insiders' transactions being sought, (Fig. 4). You will be asked to identify the issuer (company) or the insider (company or person or other entity) and select the date range of the transaction or the filing. I usually just focus on the insider or issuer and the timing of the equity-related transactions, and not too much on the *optional criteria*:

**S-E-D-I**

View insider information  
View issuer information  
View summary reports

### Insider transaction detail - Enter Search criteria

To completely reset your search criteria, click View summary reports and re-select this report.

Transactions sorted by ☒ Insider ☐ Security designation

**Mandatory criteria:**

Identify insider or issuer

and/or

Identify date range  
   to

**Optional criteria:**

A search will provide results for all securities listed on this screen unless at least one security is selected.

Debt  

☐ Bonds  
☐ Convertible Debentures  
☐ Debentures  
☐ Notes  
☐ Other  
☐ Commercial Paper  
☐ Convertible Notes  
☐ Medium Term notes  
☐ Promissory Notes

Equity  

☐ American Depositary Receipts  
☐ Convertible Preferred Shares  
☐ General Partnership Units  
☐ Limited Partnership Units  
☐ Non-Voting Shares  
☐ Preferred Shares  
☐ Subordinate Voting Shares  
☐ Units  
☐ Common Shares  
☐ Exchangeable Shares  
☐ Instalment Receipts  
☐ Multiple Voting Shares  
☐ Participation Units  
☐ Special Shares  
☐ Trust Units  
☐ Other

Issuer Derivatives (Options, Rights...)  

☐ Options  
☐ Special Warrants  
☐ Warrants  
☐ Rights  
☐ Subscription Rights  
☐ Other

Third Party Derivatives  

☐ Equity Swap - Long Position  
☐ Exchange Traded Call Options  
☐ Forward Purchase  
☐ Futures Contract - Long Position  
☐ OTC Calls (including Private Options to Purchase)  
☐ Other  
☐ Equity Swap - Short Position  
☐ Exchange Traded Put Options  
☐ Forward Sale  
☐ Futures Contract - Short Position  
☐ OTC Puts (including Private Options to Sell)

Issuer industry classification:  
 (For multiple selections, press the "Ctrl" key while clicking the mouse.)

(Figure 4: Filling in transactions' details before searching for the data. Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi))

## Applying it to the portfolio

Your search's results will confirm the issuer, person, or company before providing the data for the selected date range.

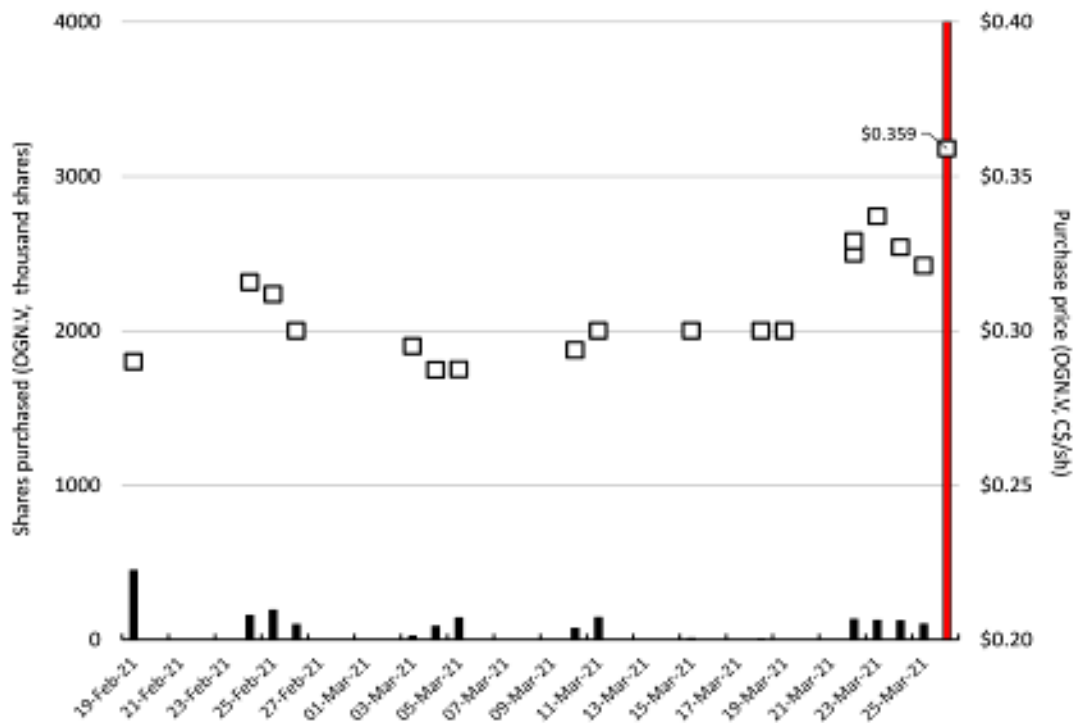
I used SEDI in early April to gauge **Orogen Royalties' (OGN.V, OGNRF.OTC)**'s insiders' sentiment about some management changes that had taken place in February 2021 (link [here](#)).

In this example, I predominantly focused on transactions made by Altius Minerals (ALS.T, ATUSF.OTC), one of its major shareholders, in the public market, (Fig. 5):

Transaction ID	Date of transaction YYYY-MM-DD	Date of filing YYYY-MM-DD	Ownership type (and registered holder, if applicable)	Nature of transaction	Number or value acquired or disposed of	Unit price or exercise price
Insider name: Altius Minerals Corporation						
Insider's Relationship to Issuer: 3 - 10% Security Holder of Issuer						
Ceased to be Insider: Not applicable						
Security designation: Common Shares						
3683637	2021-02-19	2021-02-22	Indirect Ownership : Altius Resources Inc.	36 - Conversion or exchange	+8,452,640	
3683639	2021-02-19	2021-02-22	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+450,000	0.2900
3689463	2021-02-24	2021-03-01	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+158,000	0.3157
3689466	2021-02-25	2021-03-01	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+193,000	0.3118
3689467	2021-02-26	2021-03-01	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+100,000	0.3000
3698888	2021-03-03	2021-03-08	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+24,500	0.3000
3698889	2021-03-04	2021-03-08	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+87,500	0.2950
3698890	2021-03-05	2021-03-08	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+142,000	0.2873
3705638	2021-03-10	2021-03-15	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+75,000	0.2875
3705640	2021-03-11	2021-03-15	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+145,000	0.2937
3709863	2021-03-15	2021-03-19	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+10,500	0.3000
3709864	2021-03-18	2021-03-19	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+6,000	0.3000
3709866	2021-03-19	2021-03-19	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+2,500	0.3000
3714532	2021-03-22	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+56,000	0.3250
3714533	2021-03-22	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+133,000	0.3290
3714535	2021-03-23	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+127,000	0.3370
3714538	2021-03-24	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+123,000	0.3270
3714540	2021-03-25	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+102,500	0.3210
3714541	2021-03-26	2021-03-26	Indirect Ownership : Altius Resources Inc.	10 - Acquisition or disposition in the public market	+4,000,000	0.3589

(Figure 5: Partial download of data from the website concerning insider buying of Orogen Royalties [OGN.V] by Altius Minerals [ALS.T in 2021]. I know it's hard to read, but I wanted to show what the output format looks like. Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi))

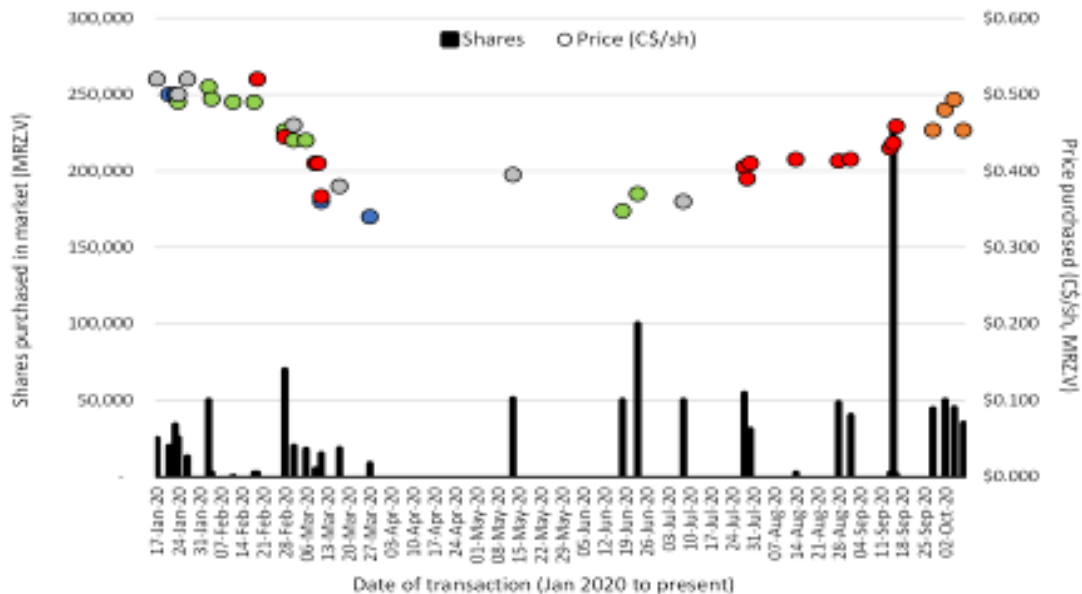
I manipulated the results and then plotted them to show that Altius remained supportive of management and actually purchased the large volume of shares (4 million) held by Orogen's former Chairman at an average price of C\$0.359 per share, (Fig. 6).



(Figure 6: Insider activity by Altius Minerals since the middle of February 2021. Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi) and Exploration Insights)

I also used SEDI's website to gather insights about **Mirasol Resources (MRZ.V, MRZLF.OTC)**'s insiders' behavior during a management transition period in late 2020 (link [here](#)). In this case, it was a battle between the insiders who were leaving, such as the former Chairman and CEO, and those staying, like the current Chairman and major shareholders, (Fig. 7).





Insider	From	To	Total (sh)	Total (C\$)	Min (C\$/Sh)	Max (C\$/Sh)	Avg. price (C\$/sh)
N. Pitcher	17-Jan-20	13-May-20	177,500	\$74,135	\$0.36	\$0.52	\$0.42
J. Rosset	21-Jan-20	27-Mar-20	77,500	\$35,290	\$0.34	\$0.50	\$0.47
D. Prince	24-Jan-20	23-Jun-20	321,000	\$135,575	\$0.35	\$0.51	\$0.42
J. Tognetti	19-Feb-20	16-Sep-20	455,980	\$193,382	\$0.37	\$0.52	\$0.42
P. Evans	28-Sep-20	08-Oct-20	174,500	\$82,240	\$0.45	\$0.49	\$0.47
<b>Total</b>	<b>17-Jan-20</b>	<b>08-Oct-20</b>	<b>1,206,480</b>	<b>\$520,622</b>	<b>\$0.34</b>	<b>\$0.52</b>	<b>\$0.43</b>

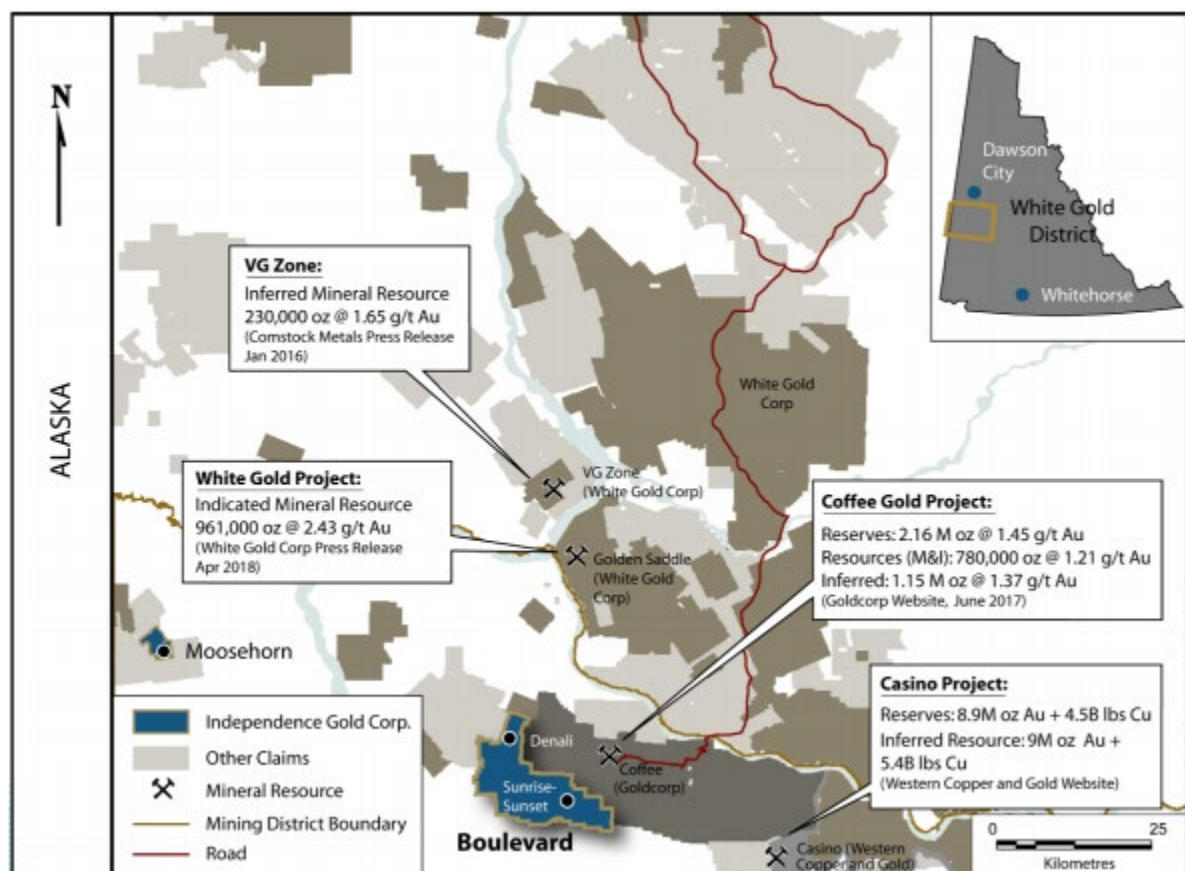
(Figure 7: Insider trading in the open market by John Tognetti [red], Patrick Evans [Interim Chairman/CEO], Dana Prince [Former Chairman], Norm Pitcher [Former CEO], and Jonathan Rousset [IR/Business development]. *Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi) and Exploration Insights*)

## What are the majors doing?

If someone wanted to find out whether major producers have been engaged in the junior space over a certain period, one would select 'insider company' in [Step 2](#) (Fig. 4 above) to identify their footprint among the juniors where they have declared themselves to be insiders.

After a quick search, the data suggests that Newmont Corp. (NEM.NYSE, NGT.T) and Barrick Gold Corp. (ABX.T, GOLD.NYSE) have been relatively inactive in the junior market since early 2020, although there were a few transactions of note. However, other seniors and mid-tier producers have been more active.

- When **Newmont** acquired Goldcorp (delisted), it inherited several equity positions in junior miners as Goldcorp was pretty active in the junior mining market. The major still holds a couple of Goldcorp's former positions, including a 16.2% stake in Independence Gold Corp. (IGO.V), which owned the Boulevard project adjacent to the Coffee gold project in the Yukon, acquired by Goldcorp in 2016 (link [here](#)), (Fig. 8). A sale of IGO's shares by Newmont may indicate that the major is not keen on advancing the Coffee project.



(Figure 8: Location of Independence Gold's Boulevard gold project adjacent to Newmont's Coffee project in the Yukon's White Gold District. Source: *Independence Gold*)



Newmont's other proactive equity stakes in juniors include GT Gold (delisted), which led to an all-cash acquisition (C\$456 M or US\$365 M) in March 2021 for its Tatogga copper-gold property in the Golden Triangle of northwestern British Columbia, (link [here](#)), and Japan-focused **Irving Resources (IRV.CSE)**, where the major increased its stake by ~14% in April 2021 (link [here](#)).

- Most of **Barrick Gold**'s insider positions are related to asset divestments, e.g., the sale of Eskay Creek to Skeena Resources (SKE.T); Massawa to Teranga Gold (delisted), now Endeavour Mining (EDV.T, EDVMF.OTC); and Bullfrog to Augusta Gold (G.T).

The senior gold producer's only proactive private placement is its stake in Precipitate Gold (PRG.V), which has ground abutting the Pueblo Viejo mine in the Dominican Republic to the north and east, (Fig. 9).

**BARRICK GOLD CORP. can earn a 70% interest by:**

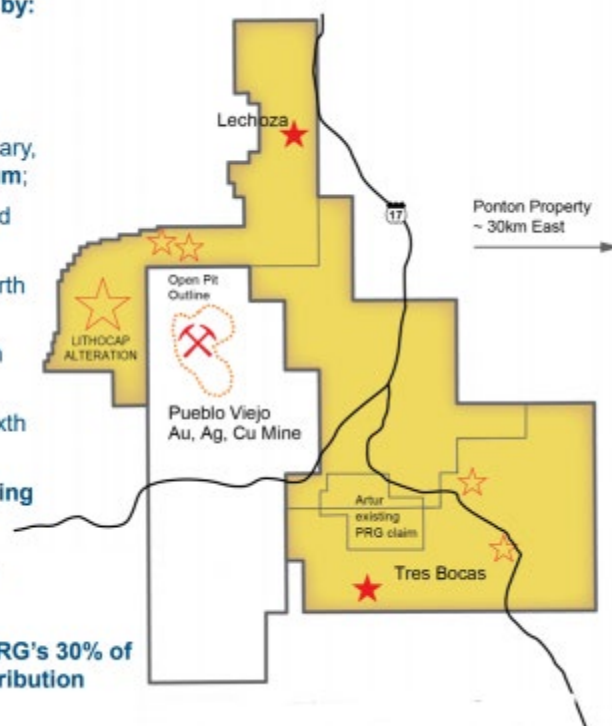
- Incurring a minimum of **US\$10.0 million in six years** as follows:

- **US\$2.0 million** before the second anniversary, with a **US\$1.0 million guaranteed minimum**;
- **US\$3.5 million** in aggregate before the third anniversary;
- **US\$5.0 million** in aggregate before the fourth anniversary;
- **US\$7.0 million** in aggregate before the fifth anniversary; and
- **US\$10.0 million** in aggregate before the sixth anniversary; and
- Complete a minimum **7,500 metres of drilling** before the sixth anniversary;

- **Delivering a qualifying Pre-Feasibility Study** before the sixth anniversary



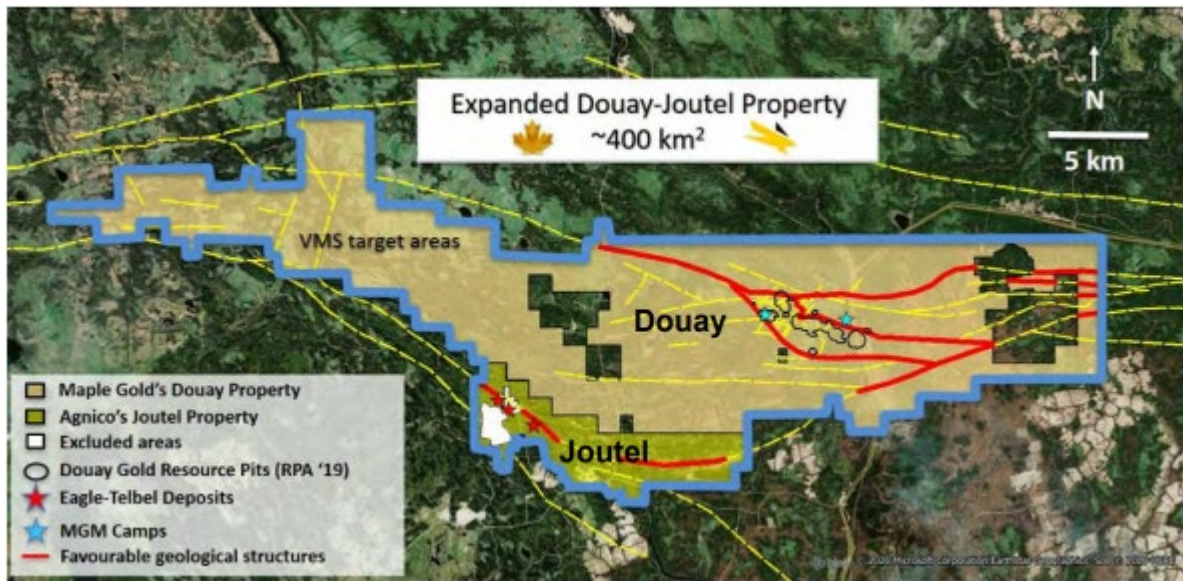
- **Barrick to provide or arrange PRG's 30% of mine construction finance contribution**



(Figure 9: Terms of earn-in by Barrick Gold to Precipitate Gold's property surrounding the Pueblo Viejo mine to the north and east. Source: *Precipitate Gold*)

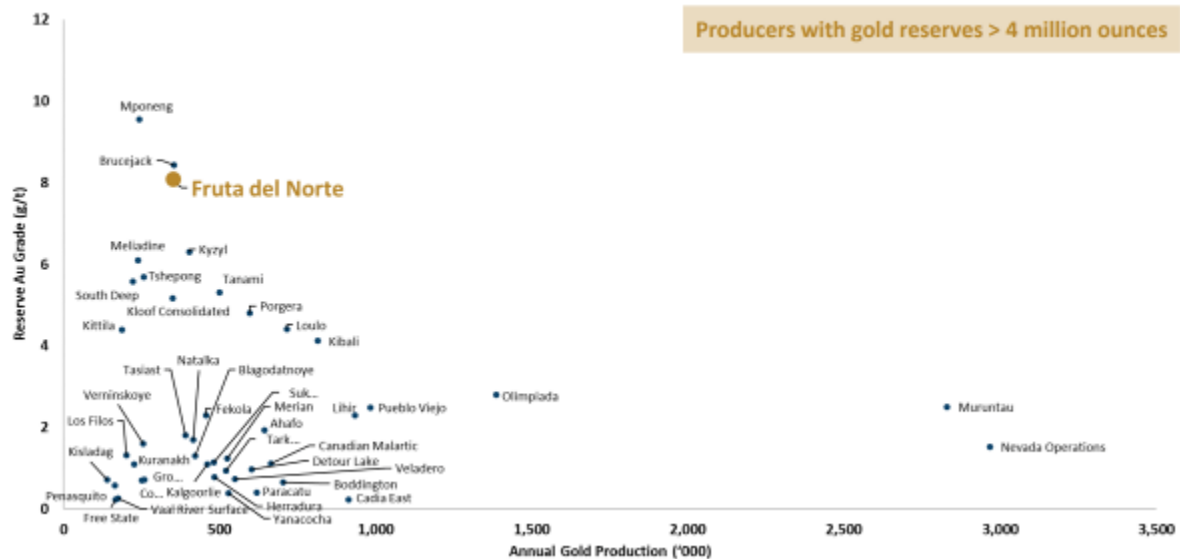
- Over the past 18 months, **Agnico Eagle Mines** (AEM.T, AEM.NYSE) has been more active in the junior market, adding stakes in companies such as Cartier Resources (ECR.V), Maple Gold Mines (MGM.V), and Rupert Resources (RUP.V) in eastern Canada and Finland, where it has operating mines.

In addition to an equity stake, the company also has a joint venture on Maple Gold's Douay-Joutel property (link [here](#)), (Fig. 10). Although a stake in a junior company held by a major producer such as Agnico Eagle may support the potential of the exploration portfolio, it still has to deliver results to complete the final acquisition.



(Figure 10: Joint venture between Agnico Eagle Mines and Maple Gold Mines at the Douay-Joutel property in Québec. Source: *Maple Gold Mines*)

- **Newcrest Mining's** (NCM.ASX, NCM.T) only significant stake in a Canadian-listed mining company is its ~30% position in Lundin Gold (LUG.T), which is operating the Fruta del Norte low sulfidation epithermal precious metal mine in southern Ecuador. The investment rationale makes sense considering the mine's estimated reserves of 5.4 million ounces of gold at a grade of 8 grams per tonne stands out amongst its peer group, (Fig. 11).



(Figure 11: Grade versus annual gold production of operating gold mines with more than 4 million ounces of reserves with Fruta del Norte highlighted. Source: *Lundin Gold*)

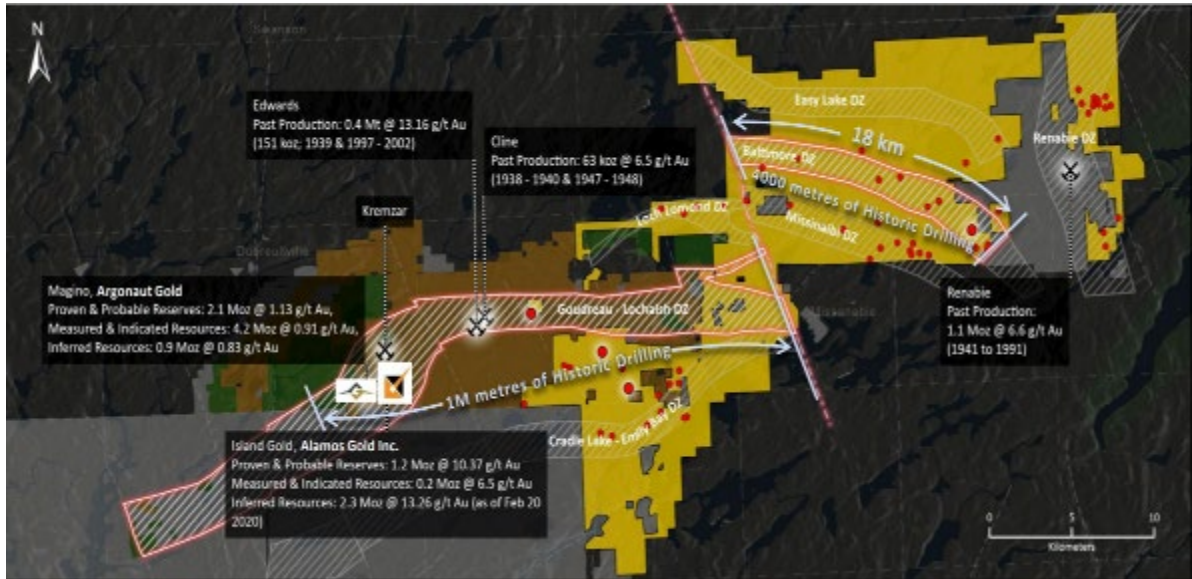
- After announcing its plans to acquire Detour Gold in late 2019 (link [here](#)), **Kirkland Lake Gold** (KL.T, KL.NYSE) has not been adding positions in the Canadian market, but has been actively reducing its stake in Novo Resources (NVO.V).

### ***Mid-tiers more active than majors***

Given their more modest production profile, it is easier for mid-tier producers to show material growth; therefore, a merger or acquisition (M&A) is always on the back of their minds:

- **Alamos Gold** (AGI.T, AGI.NYSE) has been particularly active in Canada since early 2020, increasing its positions in several explorers, including Manitou Gold (MTU.V), Monarch Mining (GBAR.T), and Red Pine Exploration (RPX.V).

The trend among producers in eastern Canada is to acquire assets/land packages proximal to operating mines. For instance, Manitou Gold has a large land package east of Alamos Gold's ground that contains the Island underground gold mine (~1.3 Moz @ 9.7 g/t Au) and might be of interest to the mid-tier, (Fig. 12).

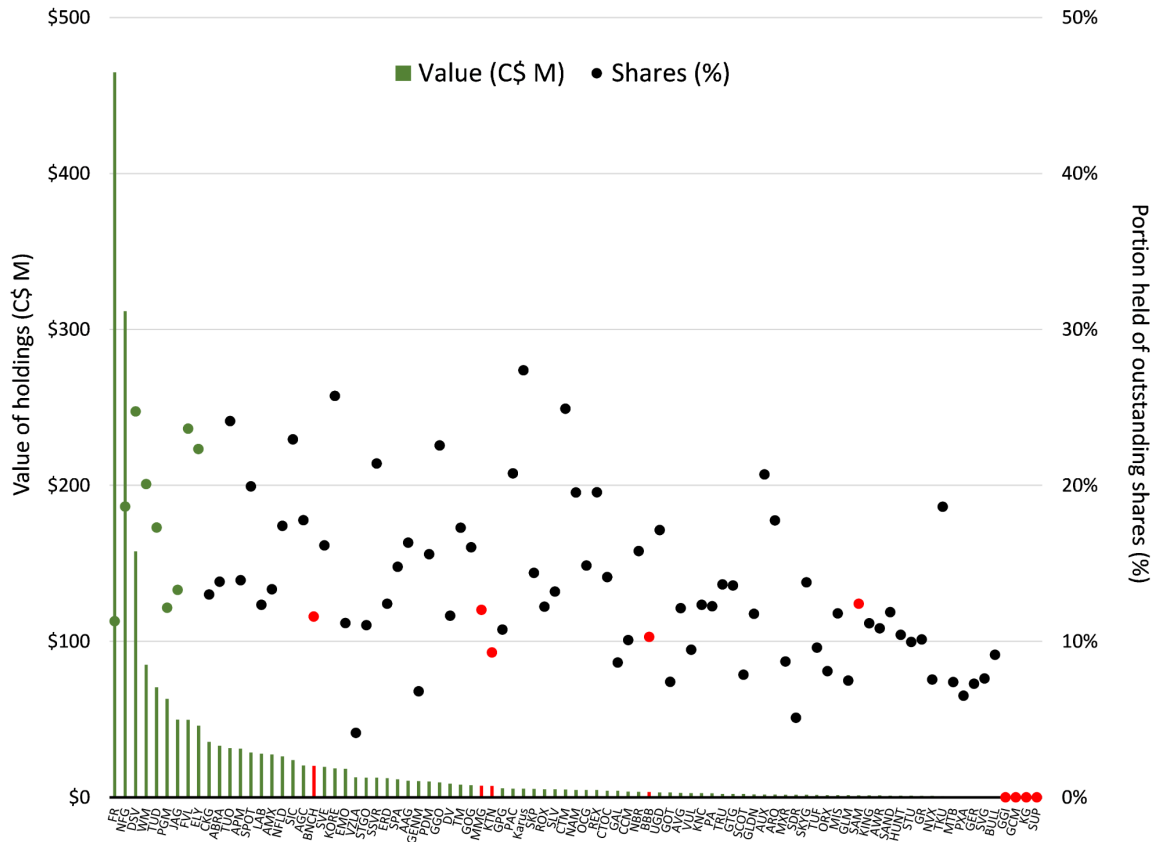


(Figure 12: Manitou Gold controls a large property package [yellow] along a major deformation zone that hosts the Island Gold mine [brown] and the Magino gold project [green] to the west. Source: *Manitou Gold*)

- **New Gold** (NGD.T, NGD.NYSE) has taken positions in Talisker Resources (TSK.V, TSKFF.OTC), which is advancing a historic mining camp at Bralorne in British Columbia, and Harte Gold (HRT.T, HRTFF.OTC), a junior gold producer that had a production shortfall in the first quarter of 2021 at its Sugar Zone mine in northern Ontario, which forced a strategic review at the junior miner.

## Tracking a mover and shaker

In addition to monitoring the activity of companies with a stake in junior Canadian-listed issuers, SEDI also provides information on high-net-worth investors such as Eric Sprott, whose holdings amount to C\$1.9 billion in 85 companies, (Fig. 13).



(Figure 13: Eric Sprott's insider ownership in Canadian-listed juniors by value of holdings [C\$ million, bars] and proportion of outstanding shares he holds [% , dots]. The green bars represent the top 60% of his overall holdings [8 companies], while the red bars represent positions he has sold or is divesting off. Source: *Source: [www.sedi.ca/sedi](http://www.sedi.ca/sedi) and Exploration Insights*)

His average position amounts to ~15% of a company's outstanding shares but reaches up to almost 30%. About 50% of his total holdings by value are tied up in three companies, with the largest individual positions in First Majestic Silver (FR.T, AG.NYSE, ~C\$460 M), a silver and gold producer in Mexico and Nevada, New Found Gold (NFG.V, ~C\$310 M), a gold explorer in Newfoundland, and Discovery Silver (DSV.V, DSVSF.OTC, ~C\$160 M), a silver explorer in Mexico, which reflect his predilection for the Maritime province and silver.

According to the latest insider information from SEDI, he has sold his positions in Garibaldi Resources (GGI.V), Gran Colombia (GCM.T), and Klondike Gold (KG.V), and appears to be divesting of his holdings in Benchmark Metals (BNCH.V), Metallic Minerals (MMG.V), Kootenay Silver (KTN.V), and Starcore International (SAM.V) suggesting he does not hold forever.



## ***Summary***

It is worth taking the time to understand how to navigate the clunky SEDI website to follow the companies' insiders' money (other companies, high net worth, management, and board members) linked to Canadian-listed miners. I use it, for example, to glean the sentiment of insiders after significant changes in management among juniors in the portfolio.

In addition, finding the footprints of majors or mid-tier producers in juniors that may underpin a potential M&A transaction in the future can form the basis of a trading strategy.

Finally, insight into the market's movers and shakers' trading activities is also crucial as these high-net-worth investors will always bring more eyes to a company, and free promotion has its perks.

That's the way I see it,

Joe Mazumdar

## ***Disclosures***

Of the companies mentioned in this article, Exploration Insights owns shares of Mirasol Resources (MRZ.V, MRZLF.OTC), Orogen Royalties (OGN.V, OGNRF.OTC), and Irving Resources (IRV.CSE).

[Note that my trading activity is based on my investment thesis, which can be short- (tactical) or long- (strategic) term, but the timing will not always be perfect due to market volatility and share price liquidity. As a subscriber, you may want to purchase/sell a stock sooner or later than I do. As I need to justify my purchases and sales while allowing our subscribers to trade with me, I, unfortunately, cannot always act as quickly as I would like. I also want to remind all our subscribers that they have access to the open and closed positions in the EI Portfolio via the website. As soon as I execute a trade, I update the price and date of the open and closed positions, depending on whether the position was purchased or sold. There can be delays due to the illiquidity of some of the junior mining stocks and the time needed to link a new stock to our website. All of my site visit expenses are covered by the companies I visit.]

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