



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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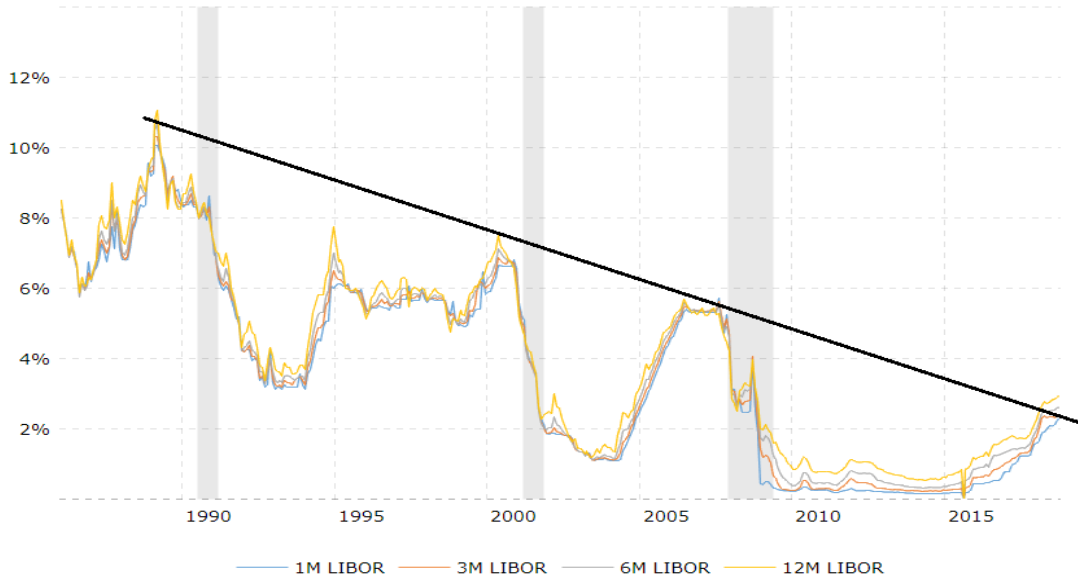
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In my September 21st update I commented that I ruled out a double top in the S&P that we broke to new highs so the bull market still in play. I also commented a correction was over due and watch out for October, which is one of weakest months for the stock markets. One of the catalysts I have been commented on that could end this bull market is the rise in Fed rates. And it is the interest rate bogymen that is spooking the markets this October.

The bond markets broke down further this October with yields rising and prices falling. I warned about this in January and February as the 10 year treasury broke below what I called my line in the sand. Here is the latest monthly chart that shows a good long term perspective. I have drawn my own crude monthly candle for October that shows the recent break lower. What is so significant about this is the reversal from a 35 year bull market, an unprecedented event in itself. The bond market is a lot larger than the stock markets and for two straight years now funds and pensions are taking losses on their bond holdings.



The next chart I have been using frequently this year. It shows LIBOR rates and recessions. Each cycle of rising rates causes a recession at lower peaks in the cycle. This is because debt levels continue to rise significantly so it does not take as much of an interest rate burden to trigger an economic slow down.



On the S&P 500 chart, I marked in the support levels I am watching. So far this is only a mere 5% correction so could easily go lower to next support. RIS is nearing 20 where you often see a rallies, perhaps a relief one. We could be witnessing beginnings of a head and shoulders top. A drop below 2575 would be very bearish



With markets dropping, gold is on the rise. I would like to see a move above \$1220, as I believe that will trigger a short covering rally, maybe even a short squeeze. Shorts are at record levels in gold.

There was a sell off in the stock yesterday. It looked like on seller out of RBC who dumped over 100,000 shares in the last hour of trading smashing all the bids. Might have been somebody with a margin call, or just panic with yesterday's plunge in all stock markets. It provides a wonderful buying opportunity.

Deer Horn Capital CSE: DHC, OTCBB: GODYF Recent Price \$0.40
Entry Price \$0.40 Opinion – strong buy

One of the reasons I suggested buying Deer Horn was the prospect of them acquiring another property. Today we got that news and it is much better than I expected. Very strong historic data could not be put in the news release, not being 43-101 compliant but I will see what I can dig up. Here is the detail on this new property that can be worked year round.

Deer Horn has signed a binding Letter of Intent (LOI) with Colorado Klondike LLC to acquire a purchase option on the Colorado Klondike tellurium property located in south-central Colorado, USA. The Colorado Klondike property is a tellurium prospect held previously by First Solar Inc. as a potential primary source of tellurium for the company's cadmium-telluride (CdTe) solar panels. Colorado Klondike LLC, operated by former First Solar management, acquired the property in 2013 after First Solar terminated its worldwide raw materials exploration program.

The Colorado Geological Survey (CGS), in partnership with the Colorado School of Mines, reported on work performed by First Solar on the Colorado Klondike property in the 2015 Colorado Mineral and Energy Industry Activities 2014-2015 publication. In particular, the CGS noted:

"Surface sampling by First Solar, Inc. in 2006 found very high tellurium grades of up to 3.3% (33,000 ppm), along with locally high gold grades. Tellurium occurs principally as the native element and as altaite, a lead-telluride mineral. First Solar is the world's largest manufacturer of thin-film solar modules and tellurium is a critical element in the photovoltaic material. Tellurium grades at Klondike were the highest encountered in the company's nationwide exploration program. First Solar acquired the land in 2010 and began systematic exploration including geophysical investigations. However, the company discontinued their tellurium development program in early 2012 and sold the property to Colorado Klondike LLC."

Surface samples such as these are preliminary in nature and not conclusive evidence of the likelihood of a mineral deposit.

"We're very happy to be expanding our tellurium property portfolio at a time when technology is discovering important new applications for the metal," said Deer Horn president and CEO Tyrone Docherty. *"It's also important that Colorado Klondike gives us an asset that can be explored for most of the year."*

The Colorado Klondike property is located 10 miles (16 km) from the small town of Saguache and is easily accessible via paved and gravel roads. It is situated on the lower, south-facing slopes of the Cochetopa Hills on the northwest margin of the semi-arid San Luis Valley. Although the average elevation is 9300 ft (2835 m), the area receives just 40-50 inches (100-150 cm) of snow in a typical winter due to its sheltered position east of the Continental Divide. Annual precipitation averages 12-14 inches (30-36 cm). Most exploration work can be performed year-round.

Many of you will remember that we were the first to invest in graphite stocks and made a killing. The next energy metal craze was lithium and we made some big gains there too. Tellurium could become the next hot green energy metal. The tellurium price is among the most volatile of any metal, ranging from US\$30 to \$400 per kg since 2005. Prices bottomed in 2016 and are on the rise again. I plan an in depth report on Tellurium.

However, for now, get ahead of the curve and buy Deer Horn

Jaxon Mining **TSXV: JAX** **OTC: JXMNF**
Entry Price \$0.10

Recent Price \$0.12
Opinion - buy

Since my last update just over a week ago, JAX did start a drill program and yesterday announced completion of its first diamond drill hole, BB18-01, as part of its Phase One diamond drilling program on the Backbone gold-bearing tourmaline breccia zone at its Red Springs project. Red Springs is located on part of Jaxon's 44,000-hectare Hazelton property in the Skeena Arch area of northwest British Columbia, Canada.

Drilling Program Highlights:

- BB18-01, a diamond drill hole with HQ core (63.5 mm in diameter), has now been completed to a depth of 148 metres with a dip angle of -50 degrees.
- BB18-01 intercepts the gold-bearing tourmaline breccia zone from a depth of 18 metres to 35 metres, which includes 6 metres of strongly silicified and sulphide mineralization from 20 metres to 26 metres (Pictures 1 to 3, below).
- BB18-01 confirms the dip extension of the high-grade gold-bearing tourmaline breccia mineralization at the Channel A outcrop, which has reported a channel sample with a gold grade of up to 6.57 grams per tonne (g/t), 1.35% copper and 0.04% cobalt.
- Drilling has commenced on the second drill hole, BB18-02, with a dip angle of -85 degrees to test the IP chargeability anomaly which are interpreted to be associated with sulphide mineralization (Figure 2, below), using the same drill pad and azimuth as BB18-01.

It is looking like we could see some good drill results soon. I don't believe the stock will move much until they close the 12 cent financing so there is a window here to buy at this level.

Eurocontrol Technics
Enret Price

TSXV:EUO
Opinion – sell

Recent Price - \$0.35

EUO has \$3.5 million cash and trading for cash value. However they are burning a lot of cash and going under a restructuring with a new board of directors. They plan a 10 for 1 roll back, so the stock will probably drop further after that.

I will look at it after the restructuring and see what future might be in store, Who knows maybe they pick up a marijuana deal. For now I will sell it as part of my usual year end trimming.

Elcora Advanced **TSXV:ERA**
Entry Price \$0.13

Recent Price \$0.16
Opinion – buy

Great news from Elcora yesterday as they completed a project with a commercial manufacturer of lithium-ion batteries. Results from the project show that Elcora's graphite is high quality and suitable for use in commercial-grade lithium-ion batteries. I visited their lab in late August and was quite impressed at the work and testing they can do there. I will do a more in depth report in the near future. The big catalysts to move the stock might not be far away.

In the project, the commercial manufacturer of lithium-ion cells replaced their standard natural graphite powder with Elcora's natural graphite powder. Two sets of 18650's cells were made. One set of 18650's was made from Elcora's natural graphite anode powder. The second set of 18650's was made from the

companies' standard natural graphite anode powder. All other components were identical (in example, separator, cathode, cell capacity, electrolyte, date of assembly). This ensured an apples-to-apples comparison. Over 60 18650's were made to ensure quality and test reproducibility. The 18650's were then cycled at different rates/temperatures and their performance compared. Cell testing was performed at the commercial manufacturer's research and development lab to ensure no bias. Tests showed that Elcora's anode powder performed as well as the company's standard graphite. These results show that Elcora's graphite anode powder is suitable for large-scale, commercial-quality lithium-ion cell manufacturing. Furthermore, Elcora's graphite anode powder easily passed all quality control and safety tests (for example, hot box at 130 degrees and two degrees overcharge safety test).

Troy Grant, chief executive officer, said: *"The results from this project are a great success for Elcora. The independently verified data proves that Elcora's graphite is high quality and suitable for large-scale lithium-ion battery manufacturing. This is critical component when dealing with large-scale battery manufacturers."*

On the chart it is still indecisive. We could be forming a base between 15 and 20 cents and it looks like the down trend might be ending. We still need more confirmation yet. A longer base or a break above 22 cents would be good signals. We do not want to see a break below 15 cents. The stock is a good buy at the bottom of this potential base.



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