

Ultimate Value Finder



THE NUMBER ONE SOURCE FOR STOCK MARKET INVESTING IDEAS

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Dear Valued Readers,

In the August 2016 issue of the **Ultimate Value Finder**, I cover three very different companies: Candelaria Mining Corporation, Monument Mining, and Oroco Resource Corporation.



Mariusz Skonieczny

CANDELARIA MINING CORPORATION (CXX ON TSX VENTURE) STILL ABOUT THE PERMIT



THESIS DESCRIPTION

The way I discovered Candelaria Mining Corporation was very interesting. In December 2014, Goldgroup Mining sold Caballo Blanco gold property to Timmins Gold Corporation for \$35 million. Timmins then made another

acquisition. Because the price of gold dropped after Timmins bought Caballo Blanco, the company got into financial trouble because San Francisco mine stopped being profitable. Plus, a \$10 million secured loan was coming due.

On May 11, 2016, Timmins announced

that it would sell Caballo Blanco for \$12.5 million to pay off that loan. I was just shaking my head because how stupid can you be to buy something for \$35 million and resell it for \$12.5 million only 17 months later? Timmins sold Caballo Blanco right at the bottom because right after the deal was signed with the buyer, the price of gold recovered and other buyers were offering twice the amount of money for the property.

While reading the press release about the Caballo Blanco sale, the name of the buyer jumped out at me – Candelaria Mining Corporation. I heard this name before but could not recall where. I was thinking that these guys were incredible to be able to get such a good price and have the courage to buy during a time when everybody in the mining industry was bleeding. So, I looked them up and here is who was behind the company – Javier Reyes, Ramon Perez, and Manuel Gomez.

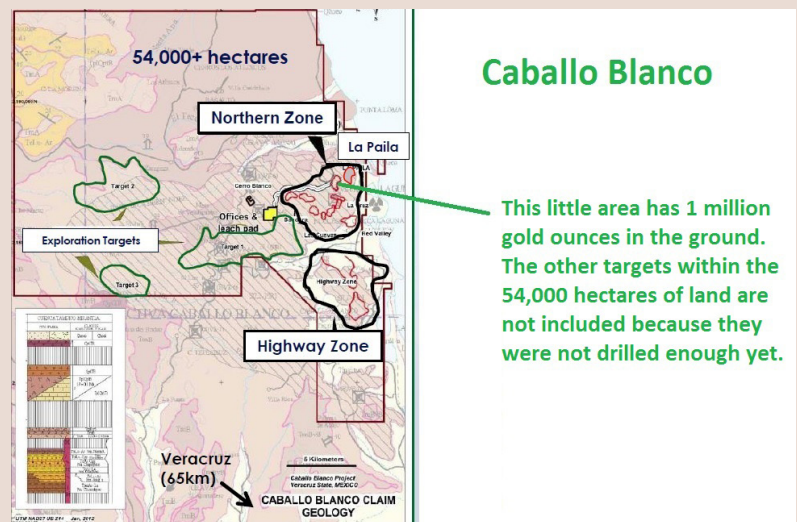
They are major shareholders of Goldgroup and Javier Reyes sits on the board of directors. The Mexican group coordinated by them owns more than 40 percent of Goldgroup. What is going on? Is Goldgroup buying back Caballo Blanco?

Actually, no. Candelaria is simply a holding company that was formed to take advantage of the bear market in gold to acquire various gold properties which can later be monetized at a big profit. Caballo Blanco is currently the main asset but it is not the only asset.

Caballo Blanco is an interesting property. It has 1 million ounces in the ground, but it is all oxide, which means that it is easy to process. Mining companies

love oxide ore. However, because the grade is low, the cost are still relatively high (\$800 per ounce), which means that the property is a fantastic asset during high gold prices. In 2011 when the price of gold was high, Goldgroup was offered more than \$100 million for the property and Candelaria just bought it for \$12.5 million. This is a big difference.

When I say that Caballo Blanco has 1 million ounces in the ground, I am only referring to a small portion of the property.



For many years, the issue with Caballo Blanco was the lack of a permit. The reasons that were given by the government were environmental concerns and its proximity to a nearby power plant. This is all baloney. These reasons were just a cover-up story for a corrupt governor who simply wanted a bribe from Goldgroup.

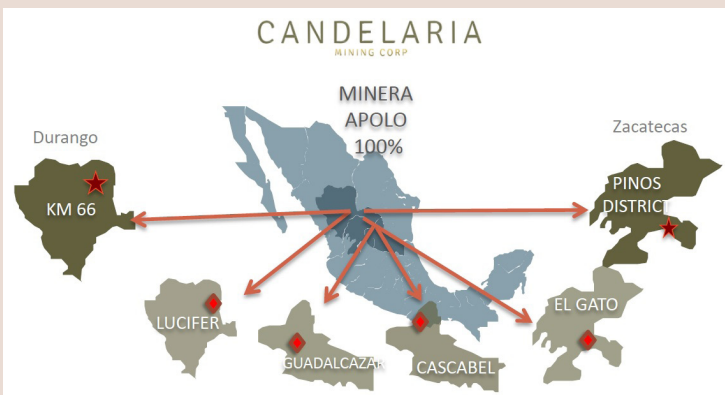
The reason why the people behind Candelaria bought Caballo Blanco is because they understand this dynamic more than anybody else. I bet they have some reason to believe that the permit will be granted, otherwise they would not be getting involved in the property for a second time.

In June 2016, Mexico had elections and a new governor of Veracruz was elected. He will be taking office in December 2016. Candelaria has met with all authorities related to the project and received their full support. Also, Candelaria is backed by some prominent high-net-worth families from Veracruz and Sinaloa – very important for getting things done.

VALUATION

With the permit in hand, everything changes. Caballo Blanco will be worth a lot of money. When the price of gold is \$1,300 per ounce, Caballo Blanco has an NPV of \$180 million, assuming a 5 percent discount rate. When the price of gold increases to \$1,400 and \$1,500 per ounce, the NPV jumps to \$232 million and \$284 million, respectively. Now, you can probably start to see why anyone would want to pay \$100 million or more for Caballo Blanco.

Candelaria has other assets as shown below.



However, Caballo Blanco is the jewel in the crown of Candelaria's assets. The other properties are early stage exploration properties, and I am not going to focus on them at all. You are welcome to investigate them yourself. I don't have enough information to assess their values, so I will simply

ignore them.

As of the date of this report, Candelaria has about 200 million shares and the stock price is CAD \$0.30 per share or US \$0.23 per share (for now, the stock trades only in Canada on the TSX Venture). Based on this, the company has a market cap of US \$46 million.

When the permit on Caballo Blanco is granted, the stock of Candelaria will most likely increase significantly, assuming the price of gold does not collapse. Under that scenario, you will probably double or triple your money.

You might say that such a return is not large enough for a mining company. Well, this is what you get when you are buying the stock from intelligent people. Here is what I mean.

In 2013, when I was writing about Goldgroup, Caballo Blanco was getting zero value. This means that you were paying absolutely nothing for it because the other assets were covering the price tag of Goldgroup. In other words, you were buying your shares from idiots. This is always preferable.

Today, Caballo Blanco is owned by Candelaria, which I would say is owned 90 to 95 percent by insiders. They know the value of Caballo Blanco and they are not going to sell it to you for nothing. Maybe the few non-insiders might get a little crazy, but still they can't affect the stock price that significantly. If they do, the insiders will just grab those shares without a problem.

CONCLUSION

I discovered Candelaria simply by following Caballo Blanco. Then, I was surprised to see that the same people

that own shares of Goldgroup are also involved with Candelaria. You never know what might happen in the future. Maybe Goldgroup will merge with Candelaria to get Caballo Blanco back. I don't know. I am just speculating.

Disclosure: I, or persons whose accounts I manage, do not own shares of Candelaria Mining Corporation. This report is not a solicitation to buy or sell securities. Neither Mariusz Skonieczny nor Classic Value Investors, LLC, is responsible for any losses resulting from purchasing or disposing shares of Candelaria Mining Corporation. You are advised to consult your financial advisor or conduct the due diligence yourself.

Why Don't I Own This Stock?

I am asked this question on every single company that I don't own but write about so I decided to include the answer here. And, the answer is simple – I cannot own everything I write about even though I like it. I only own 8 to 10 positions and when I buy something, I commit to it for several years. I can't be changing my portfolio every week just because I found something "better." If I did this I would only be investing in potentials and never riding them. When one of my positions reaches my target, I will sell it, and then, I will go back to the ideas that I wrote about and pick one that will take its place.



**My new Book
Available on Amazon**

MONUMENT MINING (MMY IN CANADA, MMTMF IN US) - IN LIMBO



INVESTMENT SUMMARY

I have updated you on Energold, IMPACT Silver, and Goldgroup, but I have not updated you on Monument Mining yet. It has been more than a year since I wrote about Monument. You already saw the incredible investment performance of Energold, IMPACT, and Goldgroup. I was shocked myself just how quickly and furiously they moved up from their lows.

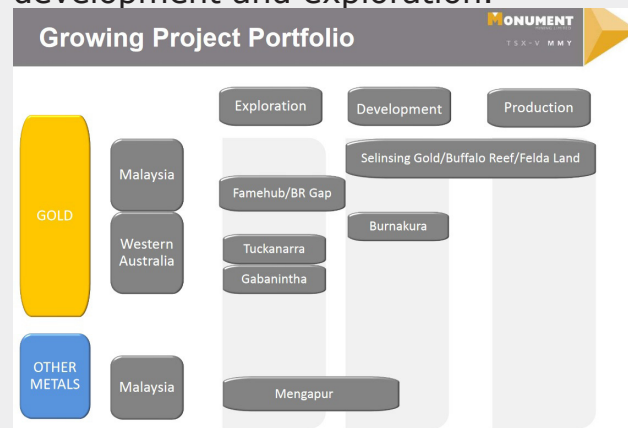
But this is how things work. As Rick Rule said, bull markets are the authors of bear markets, and bear market are the authors of bull markets. Because during the last four years, we experienced one of the worst bear markets in the history of gold mining stocks, we are due for one of the best bull markets in the history, too. If you truly understand this, then you can make an absolute killing. For example, without bragging, my personal net worth is up 50x since 2008 and it is mainly because of this belief.

COMPANY DESCRIPTION

Monument Mining is a gold producer, developer, and explorer with several different assets in Malaysia and Australia.

Originally, in 2007, the company started off with one project – Selinsing Gold Mine. Before Monument acquired it, the previous owner had failed to put it into production. When Monument came into the picture, the previous owner was in financial trouble. It had a bunch of liabilities. Consequently, Monument acquired Selinsing’s assets and the parent company was put into a trust. After some work, Monument successfully turned Selinsing into a cash-generating machine. As a gold producer, its costs were among the lowest worldwide.

Over the years, Selinsing generated about \$300 million in revenues and more than \$200 million in profits. With the cash generated, Monument acquired several assets. The following is the company’s portfolio. Some are in production while others are in development and exploration.



As of the date of this report, Monument has a market cap of CAD \$50 million or US \$40 million, which is low. However, this is because the company is kind of in limbo.

Selinsing, its flagship property, is producing, but it is in transition. If you read my book, *Gold Production from Beginning to End*, you know that there are two main types of ores – oxide and sulphide. Oxide ore is fantastic because it is easy to extract gold from it. Sulphide ore, on the other hand, is called rebellious ore because it needs extra processing to free up gold.

The reason why Selinsing was a low-cost producer was because the company was extracting and producing gold from oxide ore. As the oxide ore is getting depleted, the company is making plans for how it will produce from sulphide ore.

This is creating a lot of uncertainty because traditionally, in order to produce gold from sulphide ore, you need a roaster or autoclave, which can cost hundreds of millions of dollars and even a billion dollars. Remember Veris Gold? It had sulphide ore and because the grade wasn't very high, the company was unable to survive during the downturn.

Instead of building a roaster or autoclave, Monument came up with a different solution, which it has been testing for quite some time. It will be using Intec Technology which is a hydrometallurgical process using a mixed-halide lixiviant for the extraction of pure copper, precious metals, and associated metals from sulphide concentrates. The company already constructed an Intec Pilot Plant and

commissioned it.

If everything goes according to the plan, then Monument will add an Intec circuit to the Selinsing plant by third quarter of fiscal 2017. The ability to process sulphide ore will substantially increase the life of the mine.

In addition to that, the company is undertaking an exploration program at Buffalo Reef Central and Felda Land to increase resource estimates. This will extend Selinsing's mine life for another five years. Recently, the company announced significant intercepts assay results from 71 exploration drilling samples and 19 metallurgical drilling samples from the Buffalo Reef Central and Felda Land deposits. These results confirm the continuity of the known mineralization.

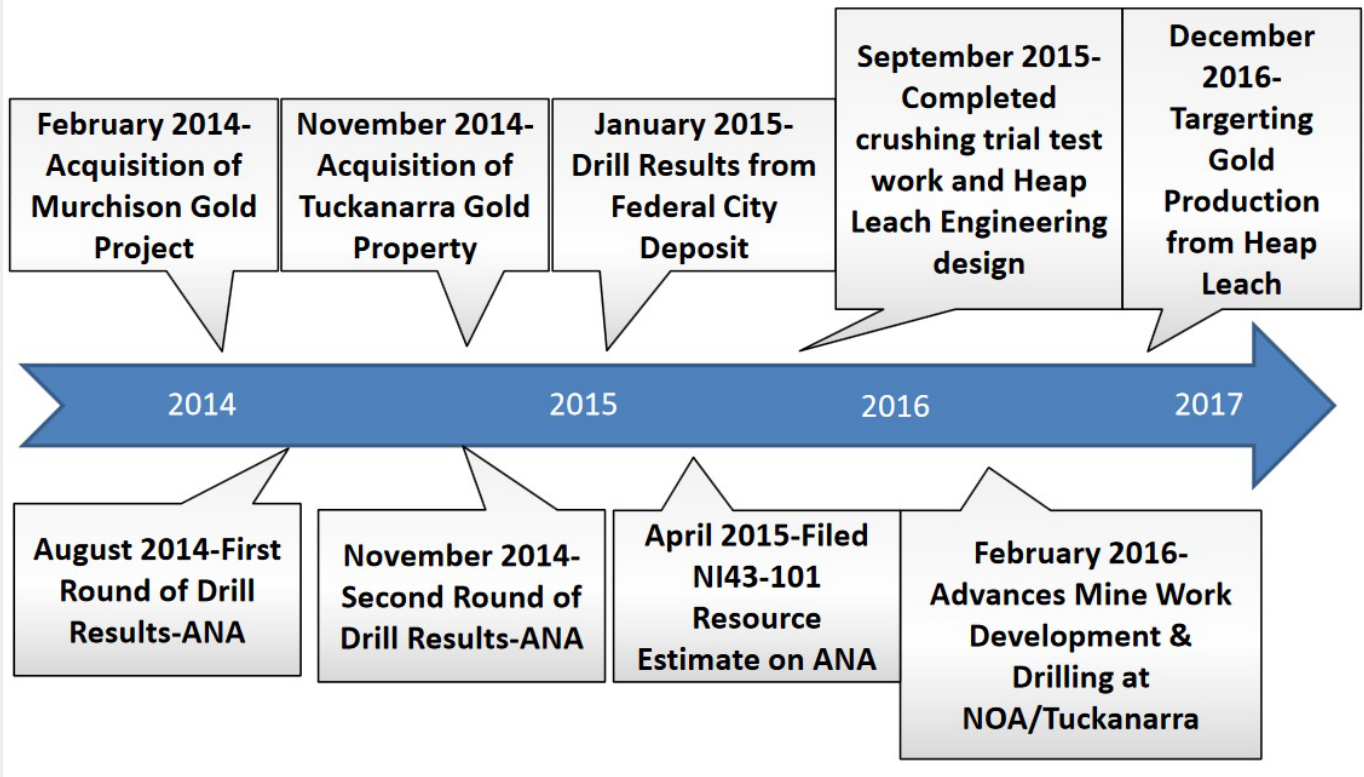
Both the sulphide ore treatment test work and exploration drilling will be included in an updated NI 43-101 technical report, which is anticipated to be completed in the fourth quarter of fiscal 2016.

So, up to this point, the company was only able to produce from oxide ore. With the addition of the Intec circuit, the company will be able to process both, which is nice from a diversification point of view.

Another major project that Monument owns is Murchison Gold project in Australia. It was acquired in February 2014. The property had a historical resource estimate of 546,000 ounces of gold and came with a fully operational gold processing plant.

The following is Murchison Project's timeline since the acquisition.

Murchison Progress Timeline



As you can see, Monument did some drilling and released an NI 43-101 resource estimate on the ANA (Alliance and New Alliance) deposit within the Murchinson project. The report shows almost 100k ounces of indicated resource and 4.4k ounces of inferred resource.

Deposit	Indicated				Inferred			
	Density (g/cm ³)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)	Density (g/cm ³)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Alliance	2.3	0.64	2.5	50.8	2.5	0.02	1.4	0.7
New Alliance	2.3	1.24	1.2	47.6	2.7	0.08	1.5	3.7
TOTAL	2.3	1.88	1.6	98.4	2.6	0.10	1.5	4.4

Also, from the timeline, you can see how the company is targeting gold production from heap leach in December 2016. While the NI 43-101 shows only 100k ounces, this amount alone could cover Monument's market

cap if these ounces can be extracted for a margin of \$500 per ounce.

When Murchison goes into production, the company will continue exploration drilling to extend the life of mine.

The third major project that Monument owns is Mengapur Polymetallic project. The company paid \$75 million to acquire it several years ago. Because of the extreme volatility in commodity prices, Mengapur is kind of frustrating. At the time of the acquisition, iron ore prices were high. Consequently, the company made a lot of progress designing and constructing a 1,000-tpd oxide iron beneficiation plant to separate iron from copper and other materials. But

this had to be put on hold because iron ore prices collapsed. In other words, the company created a business plan for the future and by the time the future arrived, the business plan did not work anymore.

The good news is that Mengapur contains a variety metals. Therefore, the company can adjust its business model. Unfortunately, changes take time – everything in mining takes forever. At this point, I am not putting too much emphasis on Mengapur.

When metal prices return to more reasonable levels, this property will become valuable again.

At this point, the company is focusing on gold because this is where it can make enough money to make its efforts worthwhile.

The balance sheet continues to be strong and the book value is more than four times higher than the market cap. But I wouldn't put too much emphasis on the book value.

	Notes	March 31, 2016 Unaudited \$	June 30, 2015 Audited \$
ASSETS			
Current assets			
Cash and cash equivalents	4	22,456	29,353
Investment in marketable securities	5	1,060	247
Trade and other receivables	6	2,181	2,429
Prepaid expenses and deposits		491	575
Inventories	7	9,508	10,520
Total current assets		35,696	43,124
Non-current assets			
Inventories	7	11,317	6,483
Property, plant and equipment	8	42,185	48,826
Exploration and evaluation	9	168,682	162,769
Intangible asset	10	1,271	1,264
Deferred costs	11	525	46
Total non-current assets		223,980	219,388
Total assets		259,676	262,512
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	14	5,324	6,807
Current tax payable	23	1,368	-
Finance lease obligations	15	201	238
Gold forward sale contract	16	-	2,593
Total current liabilities		6,893	9,638
Non-current liabilities			
Finance lease obligations	15	-	147
Asset retirement obligations	17	10,273	10,087
Deferred tax liabilities	23	3,344	1,507
Total non-current liabilities		13,617	11,741
Total liabilities		20,510	21,379
Equity			
Share capital	18	118,015	118,015
Capital reserves – warrants	19	2,612	2,612
Capital reserves – options	19	10,303	10,302
Retained earnings		108,236	110,204
Total equity		239,166	241,133
Total liabilities and equity		259,676	262,512

CONCLUSION

Monument is a company with several assets that can make the stock price explode. At this point, investors are in the wait-and-see mode. There is some uncertainty surrounding Selinsing's transition from oxide to sulphide ore. Murchison is going into production, but you know how it is with new mines. They can have lots of problems. And as for Mengapur, I don't think anybody is assigning it any value.

Disclosure: I, or persons whose accounts I manage, own shares of Monument Mining Ltd. This report is not a solicitation to buy or sell securities. Neither Mariusz Skonieczny nor Classic Value Investors, LLC, is responsible for any losses resulting from purchasing or disposing shares of Monument Mining Ltd. You are advised to consult your financial advisor or conduct the due diligence yourself.

GOLD PRODUCTION FROM BEGINNING TO END

WHAT GOLD COMPANIES DO TO GET THE
SHINY METAL INTO OUR HANDS



MARIUSZ SKONIECZNY

This book is a must for every mining investor.

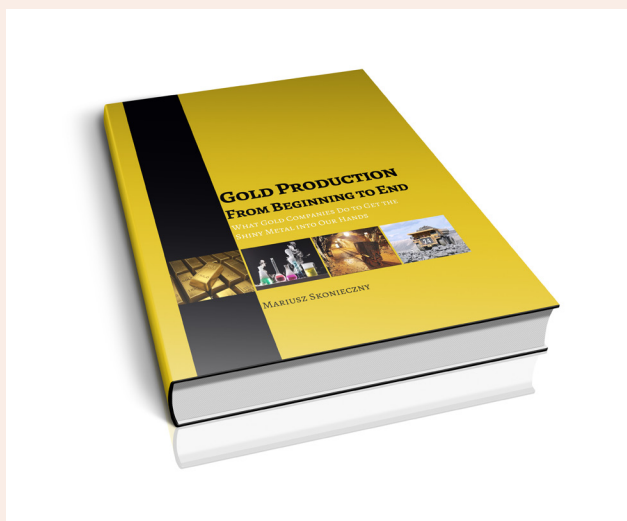
OROCO RESOURCE CORPORATION (OCO IN CANADA, ORRCF IN US) NEXT CANDIDATE FOR BIG RETURN



INVESTMENT SUMMARY

My popularity revolves around the miners. Because some of them, like Goldgroup, are up 1,000 percent, all of a sudden, I am really smart. I get lots of e-mails and phone calls. But only several months ago, I was a complete idiot for liking and putting so much money into such companies.

Today, I am writing about Oroco Resource, which is a company that I previously wrote about and featured in *Gold Production from Beginning to End*.



It is worth mentioning that this book is becoming quite popular these days. About 1,000 percent ago, the book wasn't that useful, but now investors feel an urge to learn about mining. It

just makes me realize even more that value investing cannot be learned. As Buffett said, you either get it right away or you never get it. You are either wired the right way or you are not, no matter how many books you read and seminars you attend.

Oroco is an exploration company with no mine in production. Usually, exploration companies are extremely risky. They have no cash and bunch of hope properties. Oroco is different. It has cash and the market cap is practically equal to that. It also has a property that could be worth a lot of money. Consequently, the upside is humongous while the downside is somewhat protected by liquid assets. For the right people, Oroco might be a calculated bet.

All the monetary figures that follow are in Canadian dollars except for the price of gold, unless noted otherwise.

COMPANY DESCRIPTION

Oroco Resources is a Canadian-based gold exploration company. By exploration, I mean the company has no gold production, and therefore, has no revenues – only expenses. It is highly unlikely that it will have any revenues from its own gold production.

Because I don't usually like to write about exploration companies, you might be completely unfamiliar with them. So, let me explain how they operate in plain English.

Gold is found in the ground in small quantities. Exploration companies try to find gold and define a deposit. In other words, they are trying to say, "At this property, we have X amount of gold in the ground, and based on our studies, it will take you Y amount of money to extract it."

To find gold, prospectors scan the earth for possible deposits. Usually, they look in places where other discoveries have been made with the hope that certain mineralization continues farther. This is the case with Oroco – their flagship property is located in an area where millions of ounces of gold were discovered.

Once a particular property has been identified for a possible deposit, exploration companies want to define the deposit through drilling. This is a stage where huge money can be made and lost. Huge money can be made because as an exploration project, no one knows if there is anything economic in the ground so the price someone would be willing to pay for it would be low. However, after a deposit has been defined through drilling and other technical studies, then people can put a certain value on it. On the other hand, money can be lost because exploration companies might plow millions of dollars into drilling holes only to find out that there is nothing economical about the deposit.

After a deposit is defined, then exploration companies try to sell it to mining companies that wish to put it

into production. This is what Oroco is planning to do.

Now, everybody knows that gold exploration is an extremely risky business, so many of you might be viewing Oroco Resource as pure speculation. Before you dismiss it completely, just hear me out a little longer.

I said that in exploration huge money can be made and lost. The same is true of playing a lottery. However, in order for you to lose anything playing the lottery, you actually have to fork out the money to buy the ticket. If you receive the ticket for free, you cannot possibly lose anything, right? This is kind of how you need to view Oroco Resource. Yes, you are engaging in a high-risk exploration play, but you are not paying anything to participate.

ASSETS

Oroco has four assets:

1. 11 million shares of Goldgroup Mining
2. Goldgroup Debt
3. Production Royalty
4. Xochipala Property

1. 11 million shares of Goldgroup Mining

As you know from my previous report, Oroco received shares of Goldgroup Mining after it sold it Cerro Prieto. As of the most recent reporting, Oroco still owns 11 million shares of Goldgroup Mining. Because Goldgroup is trading for \$0.36 per share, the value of these shares is almost \$4 million. This is more than the market cap.

With that being said, I bet Oroco no

longer owns 11 million shares as I write this report. Here is why. The most recent report that I took the 11 million shares from was dated June 1, 2016. This was two months ago. I have a feeling that Oroco has been unloading some shares because they need money to pay bills and Goldgroup still did not pay it the Goldgroup Debt that I will discuss soon.

Also, Goldgroup has become very popular lately. Recently, Jim Rickards wrote about it three times in the *Gold Speculator*. As a result, the daily trading volume is up by a lot and most of it is coming from the United States. Who is supplying all the shares to the buyers? There are no funds left. All the Goldgroup shares are in the hands of insiders and retailers. Oroco is the only big holder left, and I bet it is supplying

a lot of the Goldgroup shares. I believe that if it wasn't for Oroco, Goldgroup would already be at \$0.50 per share.

On June 1, 2016, these 11 million shares were worth \$2.2 million. If the company still had all of them today, they would be worth \$4 million. I estimate that Oroco might only have half of these shares left, or 5.5 million shares. At \$0.36 per share, they are worth \$2 million. The sold shares probably generated cash of \$1.4 million. So, the total between the remaining shares and the cash is \$3.4 million. This is about where the market cap is.

2. Goldgroup Debt

After selling Cerro Prieto to Goldgroup, Oroco is still owed \$1 million in notes receivable.

	February 29, 2016	May 31, 2015
ASSETS		
Current		
Cash	\$ 398,106	\$ 419,986
Receivables	97,226	25,859
Prepaid expenses	8,114	6,023
First note receivable (Notes 5 and 6)	1,089,246	1,243,700
Second note receivable (Notes 5 and 6)	-	1,650,000
	1,592,692	3,345,568
Available for sale securities (Notes 5 and 7)	1,236,943	382,500
Exploration and evaluation assets (Note 4)	240,927	219,837
Equipment (Note 8)	10,100	11,546
	\$ 3,080,662	\$ 3,959,451
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities	\$ 335,492	\$ 464,544
Non-refundable deposit	67,655	-
	403,147	464,544
Deferred tax liability	13,443	13,443
	416,590	477,987
Shareholders' equity		
Share capital (Note 9)	16,973,847	16,973,847
Reserves (Note 9)	2,110,254	2,110,254
Deficit	(16,420,029)	(15,602,637)
	2,664,072	3,481,464
	\$ 3,080,662	\$ 3,959,451

This debt is the reason why the relationship between Oroco and Goldgroup has deteriorated somewhat. These two companies were on very good terms with each other - they still share an office together in Canada - but Goldgroup's unwillingness or inability to pay off this debt on time has strained the relationship.

When Goldgroup bought Cerro Prieto, it paid Oroco some cash upfront, issued shares, and gave two promissory notes. One promissory note was satisfied with additional shares. The second promissory note was supposed to be paid off no later than January 31, 2015.

The idea was that cash flow from Cerro Prieto was supposed to be enough to pay off the promissory note. However, Cerro Prieto took much longer to achieve commercial production than expected. So, from Goldgroup's point of view, Oroco needed to take some pain and wait until that happens.

Oroco did not agree. It wanted the money anyway especially after Goldgroup's sale of Caballo Blanco generated enough cash to cover the entire promissory note. Instead of paying off the loan, Goldgroup depleted its cash by making property acquisitions. In other words, Oroco is saying "You are going on a spending spree while you owe us money." Goldgroup is saying, "You sold us a problem property and we are not going to use money from asset sales to pay you off. You have to take the pain with us and wait."

You can side with whoever you want in this disagreement. I don't care. What matters is that Oroco is owed \$1 million

and Goldgroup intends to pay it in full. Now that Cerro Prieto is in commercial production and is generating cash flow, Oroco will likely get paid.

3. Production Royalty

The reason why the market never assigns much value to Oroco is because the company does not generate any revenues and burns through cash. This is about to change. After the sale of Cerro Prieto to Goldgroup, Oroco is also due a royalty.

In addition, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty") quarterly in arrears. The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US\$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US\$90 per ounce.

Cerro Prieto is now in commercial production and the price of gold is above US\$1,250 per ounce. If gold stays around US\$1,350 per ounce and Cerro Prieto produces about 20,000 gold ounces per year, Oroco will receive US\$400,000 per year.

$(US\$1,350 - US\$1,250) \times 20 \text{ percent} \times 20,000 \text{ ounces} = US\$400,000$

This is huge for Oroco considering the yearly expenses are about this much, as shown in the following table.

	For the Three Months Ended February 29, 2016	For the Three Months Ended February 28, 2015	For the Nine Months Ended February 29, 2016	For the Nine Months Ended February 28, 2015
Expenses				
Depreciation	\$ 481	\$ 613	\$ 1,446	\$ 1,839
Consulting fees	31,833	28,750	79,833	80,040
Foreign currency gain	(20,020)	(161,150)	(104,121)	(255,325)
Management and director fees	59,737	51,000	175,974	148,000
Office and general	25,486	23,396	74,833	75,682
Professional fees	52,189	97,338	153,951	229,271
Property investigation costs	-	-	32,881	-
Rent	13,589	8,877	42,866	28,543
Shareholder communications and investor relations	429	1,273	10,991	1,991
Transfer agent and filing fees	3,613	2,607	14,478	9,567
Travel	4,886	-	13,926	9,503
Operating loss	(172,223)	(52,704)	(497,058)	(329,111)

Also, Oroco is changing its business model from being purely an exploration company to a being company with other non-mining sources of income that do not require capital expenditures. I don't know exactly about the other non-mining sources of income are but anything in terms of revenue will help.

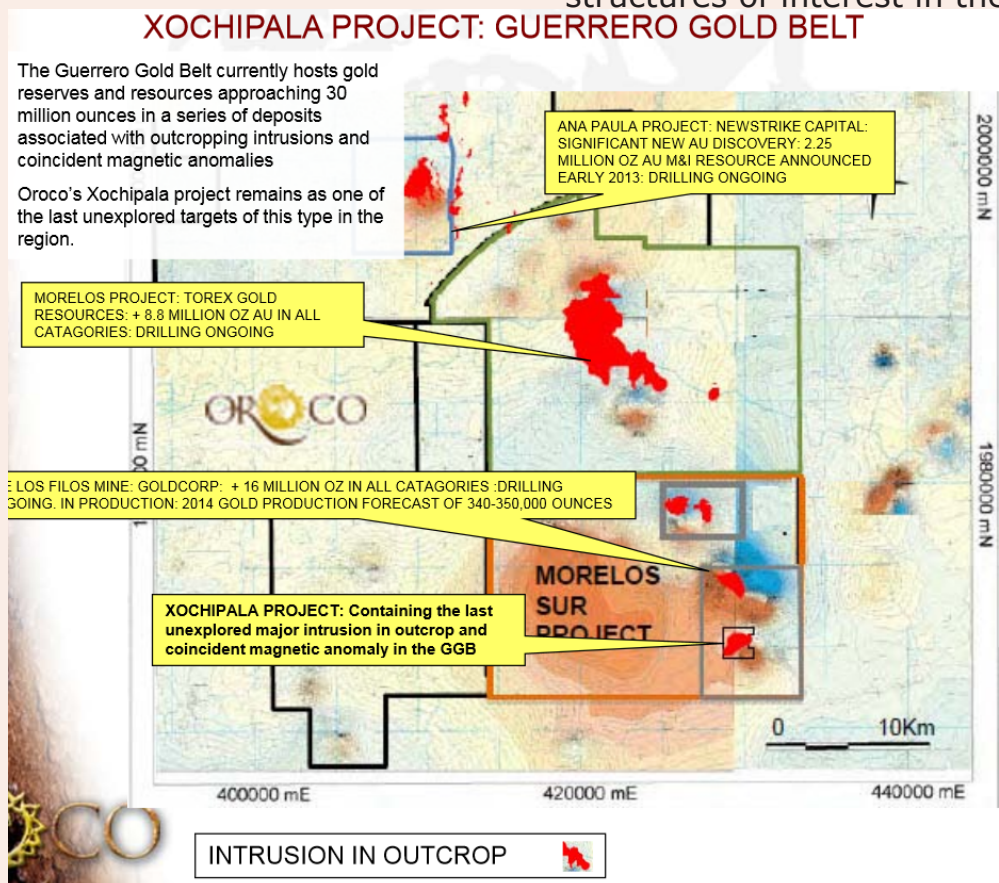
The moment the market realizes that Oroco is not burning through cash, it will at least value it based on cash and marketable securities.

4. Xochipala Property

Xochipala property is the lottery ticket here.

Xochipala property is located within the Guerrero Gold Belt, which is where more than 30 million ounces of gold have been discovered. To put things in perspective, 30 million gold ounces are US \$40 billion, with a "b," worth of gold.

The Xochipala project was the site of the original gold discovery in the region, and hosted the region's first gold mining operations. The property is four kilometers from Goldcorp's Los Filos Mine, and the geological structures contained within the boundaries of Xochipala share important characteristics with the known gold-bearing structures in the Guerrero Gold Belt. Xochipala remains among the last, known under-explored geological structures of interest in the region.



In June 2012, the Mexican Public Registry of Mining registered Oroco's 100 percent interest in the Xochipala project. However, it wasn't until February 2014 that Oroco was able to comfortably say that it owned the entire property because other entities were fighting in court to get control over the project.

You see the crazy thing is that Goldcorp (not Goldgroup), which is a big mining company that owns 16 million gold ounces in the area, thought that it owned Xochipala. Goldcorp purchased it from someone that did not own it. I kid you not.

Because Goldcorp had such success in finding a tremendous amount of gold in the area, they decided to drill Xochipala. They spent approximately \$2 million on two rounds of drilling which totaled 7,000 meters. After Goldcorp learned that Oroco owned the property, it stopped its drilling program. Oroco's management thinks that Goldcorp made a discovery because they would not have started the second round of drilling if the first round was unsuccessful.

Up until recently, Goldcorp was in possession of the drilling data and Oroco was trying to obtain it because technically, the drilling data belongs to the owner of the property. Finally, Oroco received the drilling data from Goldcorp.

Oroco is incorporating this data into NI 43-101 that will be coming out soon. If the results are good, the stock of Oroco will explode, making you a lot of money if you buy it at these levels. If the results are not that good, then the cash, Goldgroup's shares, Goldgroup debt, and the royalty will provide

downside protection.

CONCLUSION

Now that mining-related companies are in vogue, Oroco is the next candidate for a huge investment return. The thing that I like the best about it is that the downside is limited to its liquid assets while the upside is big.

Disclosure: I, or persons whose accounts I manage, own shares of Oroco Resource. This report is not a solicitation to buy or sell securities. Neither Mariusz Skonieczny nor Classic Value Investors, LLC, is responsible for any losses resulting from purchasing or disposing shares of Oroco Resource. You are advised to consult your financial advisor or conduct the due diligence yourself.

COMING SOON

HOW GOLD COMPANIES FINANCE THEMSELVES

Forward Sale Streaming Debt Royalty



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