

About 50 Things to Look Out for When Investing in Junior Gold Mining Stocks

There are a number of clues you may be onto a company that might be more interested in mining the market, than finding a new mine. Here are some warning signs to look out for that I have come across in three decades investing in junior resource stocks.

Management

1. Family members are on the management team
2. The board is stacked with friends of the CEO
3. CEO has been with the company for many years with nothing meaningful accomplished
4. CEO's spouse brags about travelling around the world on the company dime
5. CEO owns very little of the stock
6. CEO is a front person for a big-time promoter who is the puppet master
7. Rumored puppet master is not listed on shareholder register, doesn't report trades
8. CEO or Head of Exploration takes credit for discovery that they had little or no part of
9. CEO badmouths legitimate companies in immediate area of their project
10. Changed focus from zinc, copper, bitcoin or technology to gold because it is hot
11. Substance abuse by CEO and/or senior management – alcohol is most popular
12. Management vended in assets of questionable value for massive amounts of shares
13. CEO converts debt he lent to company into shares at extraordinarily cheap prices
14. CEO is litigious and threatens to sue third parties who share negative research
15. Company hides negative reports from public (hydrology), insiders sell stock in meantime
16. Management is compensated well above industry norms

Promotion/News Releases

17. Several newsletter writers are involved
18. Newsletter writers are seeded with very cheap stock and/or options
19. Company is part of a stable of companies run by a known promoter who takes fees
20. Big name promoter is behind the company, but name is not found in any documents
21. A news release is issued no matter how small the news is to create news flow
22. Big issues, like deaths on the property, are not press released

Geologists/Exploration

23. Geologists are overly excited about the company's prospects
24. When geologists are asked why they are so excited, their response is nonsensical
25. Some geologists believe it is their role to sound excited to investors – warning sign

26. Competent geologists know the risks and put forth their arguments with pros and cons
27. Outstanding historical drill holes are re-drilled to create market excitement
28. Holes drilled down dip are reported, while holes drill across structure (narrower) are not
29. Drilling holes based only on geophysics, very risky, and often over promoted
30. Company releases drill holes that hit mineralization, won't release drill holes that missed
31. Company does not release, or delays, negative drill results
32. The company's Preliminary Economic Assessment Report (PEA) is complete fantasy

Geography

33. Company is based in Vancouver (former scam capital of the world)
34. Vancouver is getting better with many great companies, but there is a bad underbelly
35. Company is exploring in a country with a high level of corruption – bribes anyone?

Accounting

36. Accountants raise issues with CEO spending that is not backed up by receipts
37. Watch for excessive expenses in the areas of: promotion, investor relations and salaries
38. Financials do not give the necessary details to get a clear picture on spending

Share Ownership

39. There are no institutional shareholders
40. Management and board own very few shares and rely on options for upside

Company Spending Habits

41. The company spends a lot on investor relations – check out financials
42. The company hires beautiful women for IR who really know nothing about the company
43. “Booth Babes” at conferences is a sure sign you are dealing with a promotion
44. CEO spends freely on dinners, travel and entertainment – lives large, talks big
45. Closing parties for deals are epic and you wish you got to go to them
46. More money spent on promotion than in the field looking for gold – see financials
47. Expensive artwork on walls, to be misappropriated by CEO when the company winds up

Personal/Sexual Issues

48. CEO is having an affair with the CFO, CFO is paid multiples of the going rate

49. CEO and the person they are having affair with travel the world at company expense
50. Any gossip that the CEO has sexually harassed current or former employees
51. CEO pays for prostitutes for analysts on site visits in foreign countries

Things you can learn from gossip

52. CEO owns part of the helicopter company the company uses and brags about it
53. CEO rents pickup trucks to the company by the hour
54. CEO rents a pickup truck with a cab and a stretcher as an ambulance for \$400 per day
55. Exploration Manager gets kickbacks from drilling contractors for each meter drilled
56. CEO bills exploration expenses through his side company, takes a management fee