

# THE National Investor

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*Special Report...February, 2015*

## **Claude Resources: A Rebounding. Organic Growth Story**



*An Aerial view of Claude's Seabee Gold Operation in Saskatchewan.  
Most of the company's 200+ employees stay on site in rotating "shifts" averaging 2 weeks at a time*

### **HIGHLIGHTS:**

- \* Operational changes and higher-grade ore have gold production rising and costs declining.
- \* Financial and debt issues that threatened the company in 2012-2013 have been mitigated.
- \* Substantial organic growth opportunities remain and are being exploited. They have already led to record gold production, strong cash flow and net earnings, even in 2014's flat gold market!

\* **TARGET PRICE -- C\$0.75 - C\$1.00 (at USD\$1,300 per ounce gold)**

**C\$1.75 - C\$2.50 (at USD\$1,500 per ounce gold)**

## About the Editor -- Chris Temple



First, I would like to thank you, on my behalf as well as on behalf of the management of Claude Resources, for your interest in this Special Issue of *The National Investor*.

Before I explain for you my reasons for having Claude as a recommended opportunity for my Members, I want to tell you a little about myself...what makes me "tick"...and what else you can expect from our web site and service.

By the time I was a mere 20 years old, I was establishing myself as a financial planner, having already started working with a local firm in my home town of Binghamton, New York. Among other things, I became licensed as a General Securities Principal of our firm's brokerage arm, supervising operational activities.

**Already becoming successful as both a manager and financial advisor, I was nevertheless quite unprepared for some of the massive market shifts of the early 1980's.**

Successful strategies that had helped our clients reap huge rewards during the inflationary times of the late 1970's

*Yours truly, at a recent investor conference*

particularly were turned upside down as interest rates skyrocketed and many previously-hot assets CRASHED.

What STUNNED me was the fact that -- though we can look back now at that change in Federal Reserve policy under then-Chairman Paul Volcker as one of the most abrupt in the central bank's century in existence -- NOBODY saw fit to do anything but continue to sell the same investment products. *As with virtually everyone in the financial industry, you see, I had been trained in selling financial products and generating commissions; not on truly understanding the economy and markets.*

**This experience first taught me that I needed to understand what I have since come to call "The Game" of our fractional reserve banking system and how it and related factors create *often-foreseeable* swings in markets and asset classes.** And it is this knowledge, together with specific, actionable strategies and investment recommendations, that I make available to my Members on an ongoing basis. (NOTE: An archived version of my signature essay on all this, entitled *Understanding the Game*, can be accessed on my web site, at <http://nationalinvestor.com/>)

With this foundation, I am happy to tell you that *The National Investor* has become recognized as a leading source of credible, understandable information, commentary and investment strategies for individual investors. Often times, our performance has had us at the very top of the rankings put out by the well-known *Hulbert Financial Digest*, which has covered us since 2000.

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# Claude Resources, Inc.

Listed on the Toronto Stock Exchange with the symbol **CRJ**  
Listed in the U.S. via the OTC Market with the symbol **CLGRF**

**Recent price -- C\$0.36 per share**

**Claude Resources** is a "junior" gold producer and exploration company which--despite sporadic exploration elsewhere in the province by others--owns the only *producing* gold mine in Saskatchewan. And its flagship Seabee Mine and related growing nearby deposits and infrastructure have quite possibly only scratched the surface of what could eventually become a new and more widely recognized gold *district* in Canada. Though there have been some gyrations over the last few years due to operational issues, Claude has fairly consistently produced in the neighborhood of 50,000 ounces per year at the Seabee Gold Operation. Last year, the company celebrated the milestone of reaching the one million ounce production mark, making it the largest producer of gold in the province.

*Claude is one of a mere handful of companies over the years that I have pretty much always recommended keeping at least some small position in.* But even with this company in the precious metals space, I have nevertheless advocated as best I can that my Members "load up" on shares at what I think have been the bottoms of corrections, and then take a good share of their money back off the table once they have run up. We did well on this and some other companies in the wake of the 2008 financial crisis after that event decimated resource (and other!) stocks. Having jumped *about five-fold* from their post-crisis lows, I recommended again on two different occasions in early 2011 that folks sell some.



**Although I obviously expected a pullback not only for Claude specifically but for the then-red hot precious metals stocks generally, NEVER did I expect the kind of devastation that followed.** If you have read my most recent Special Issue of *The National Investor* on the gold sector, you already have some added insight as to 1) why the gold price itself came off so sharply following its late 2011 peak of over \$1,900 per ounce and 2) why mining *stocks* were particularly annihilated to such a degree that




even the major gold producers lost an average of half their market price, and some juniors and exploration companies were down considerably more. Some of those latter are now *extinct*.


In the case of Claude Resources particularly, a vicious circle of events caught the company especially unprepared for the speed and magnitude of the gold price correction. Ore grades and production levels dropped off as the gold price was declining. For a while, this throttled the company's ambitious plans and timetable to further develop the Seabee camp. The substantially reduced cash flow made debt servicing particularly problematic. *Indeed, it is not an overstatement to say that at its eventual low share price by late 2013 of around C\$0.12 each--a FRACTION of Claude's book value--investors had pretty much priced in a bankruptcy filing.*

**As 2014 moved along, however, the news out of the company became much different.** The gold price itself ended up basically flat for the year (at least in U.S. dollar terms), having surrendered much of the larger gains from earlier chiefly due to gold being pushed aside once again by Wall Street in favor--primarily--of the stock market. Yet as I write in last Fall's gold sector update, the health of miners *generally* seemed noticeably better than had been the case in late 2013's darkest hours for the sector.

**And in the case of Claude Resources *specifically*, it would not be an overstatement to say that the difference between 2014 and 2013 was like that between night and day!**



TSX: CRJ | OTCQB: CLGRF



## Building Value

### What we have done to improve:

- 1. Cash Flow Optimization Plan:**
  - Reduced 2014 overall expenditures by over 13% (2013 vs. 2012: + 22%)
  - Reduced unit cash costs – Q2 2014 \$753 (U.S. \$691) vs. Q2 2013 \$875 (U.S. \$855)
  - Q2 net earnings of \$3.3 Million (Q2 2013: -\$9.9 million)
- 2. Operating Execution:**
  - Produced over 30,000 ozs YTD 2014 (YTD 2013 – 20,520 ozs)
  - Increased 2014 production guidance - 50,000 to 54,000 ozs (prev. 47,000 to 51,000)
  - Santoy Gap development ahead of schedule with long hole production initiated in Q3 2014
  - New Alimak mining method results positive
  - Improved safety and environmental performance
- 3. Strengthened Balance Sheet:**
  - Raised over \$24 million in Q1 of 2014 (*Sale of Madsen and NSR at Seabee Gold Operation*)
  - Debt reduction of \$7.1 million in 1H of 2014 with additional \$3.0 million in 2H

### 3 strategies to rebuild confidence and that work at these gold prices

[www.clauderresources.com](http://www.clauderresources.com)

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As the above slide from the company's late summer investor presentation recounts, 2014's first half saw a dramatic turnaround in Claude's operations and balance sheet. (NOTE: For all the company's latest presentations, go to <http://www.clauderresources.com/html/investors/Presentations/index.cfm>) The financial position of the company was augmented by the sale late in 2013 of the past-producing Madsen Mine and property in the Red Lake, Ontario Camp. Claude recently received the final tranche of the C\$8.75 million cash part of the deal. The deal consisted of two payments. The first was C\$6.25 million

cash and 9.8 million shares of Pure Gold Mining, Inc. (TSXV-PGM) and the second was C\$2.5 million in cash. At last report, Claude still owned about 4 million shares of Pure Gold, after selling a chunk of it earlier in 2014.

Following that Madsen sale, Claude was able to pretty much end the remaining near-term worries over its financial position and ability to service its debt load when it entered into a royalty arrangement last March with the Orion Mine Finance Fund. That gave Claude C\$13 million in immediate funding in return for a 3% net smelter royalty it will have to pay to Orion from Seabee production. Claude does have the option to buy back half, or 1.5%, of the royalty until December 31, 2016.

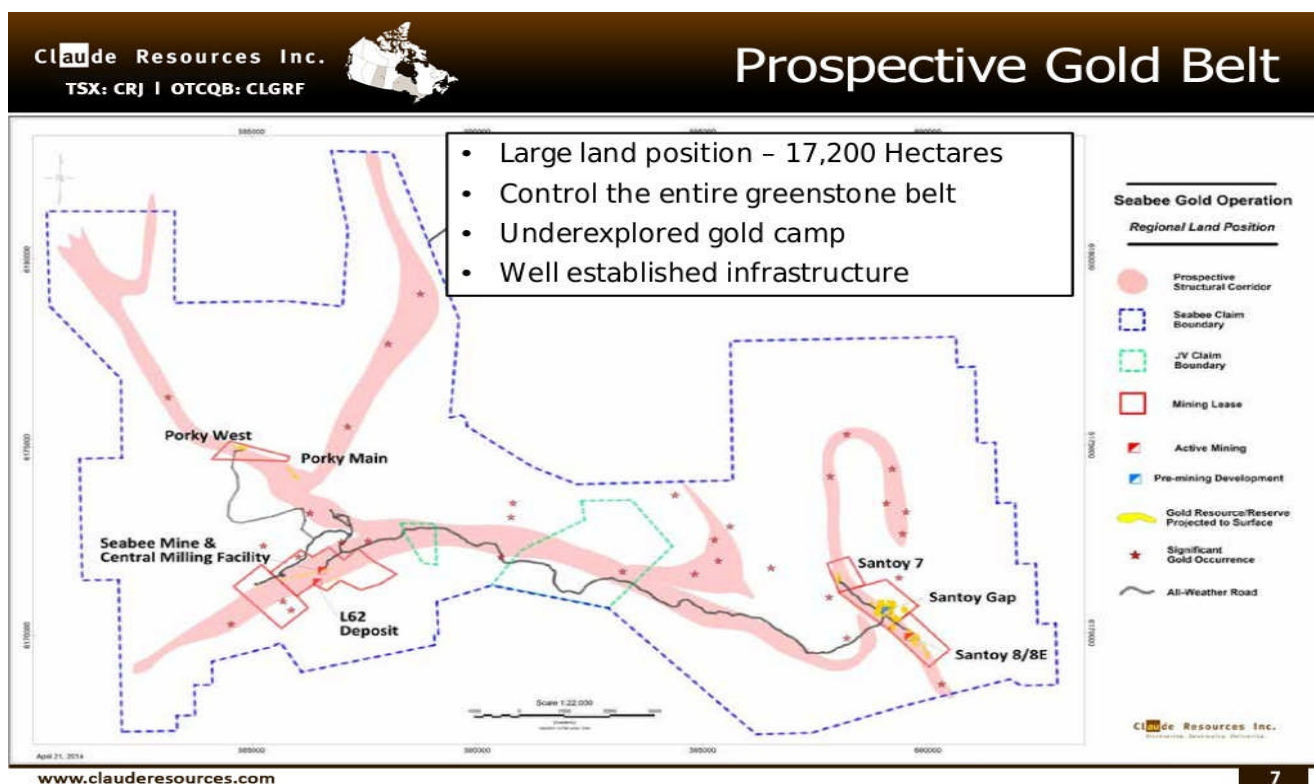
**But perhaps most important of all--as the above slide describes and as I will detail further along--operations at Seabee have dramatically improved.** Indeed, the second quarter's gold production of nearly 19,000 ounces was a record for the company in its 20 plus years of production, and accelerated Claude's return to more robust health. The third quarter outdid that, with over 20,000 ounces! And though the company won't be announcing official year-ending financials for a while as I write this, we do now know that full-year gold production for 2014 was indeed a new record, at 62,984 ounces; more than 40% above 2013's total.

Before I get into a few of the individual components of Claude's impressive turnaround--and the renewed optimism over the company's ability to further develop a bona fide district-scale project in years to come--I want to describe for you more generally the Seabee camp and area. As you see in the aerial view on the cover of this report, the Seabee mill, other infrastructure and buildings sit on a peninsula of Laonil Lake, a roughly 25-minute plane ride Northeast from LaRonge, Saskatchewan, the northernmost good-sized population center in the province.



*Here, one of my sons Steve holds a one-kilo "brick" of gold produced at Seabee. The gold is flown out of the camp to LaRonge, where security picks it up for transport/sale.*

Back some 15 years or so ago when I made the first of what ended up being several trips to the area and to the Seabee Mine, work crews, groceries, supplies and all came in and out of the camp via float planes that took off from Lac LaRonge. Over the years, a runway was completed on land adjacent to the camp, allowing for somewhat larger aircraft, less frequent flights and the ability to fly in and out of the Seabee Gold Operation 365 days a year. Come winter, those of you who have ever watched the *History Channel's* reality show "Ice Road Truckers" know what happens: the annual fuel supply, heavier equipment and such are sent to the Seabee Mine once the winter road from Brabant Lake to Seabee is ready. The process occurs from January to April each year with approximately 300 to 400 semi-loads of supplies arriving at the complex.



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Over time, the mill and other processing infrastructure at Seabee have grown. Today the mill has the capacity to sustainably process 900 to 950 tonnes per day. If current grades of approximately 7 grams/tonne can be achieved, I can see that Claude could indeed *keep producing* over 60,000 ounces per year, much higher than their average recent (through 2013) production rate of 45,000 to 50,000 ounces per year. *With relatively little capital costs, the company has the further ability to increase the mill capacity to produce past 70,000 ounces of year.* Apart from the mill and recovery equipment, a vertical shaft was extended downward at the Seabee Mine, leading to overall cost reductions to hoist ore from greater depths that way, as opposed to using underground vehicles hauling the ore via the ramp.

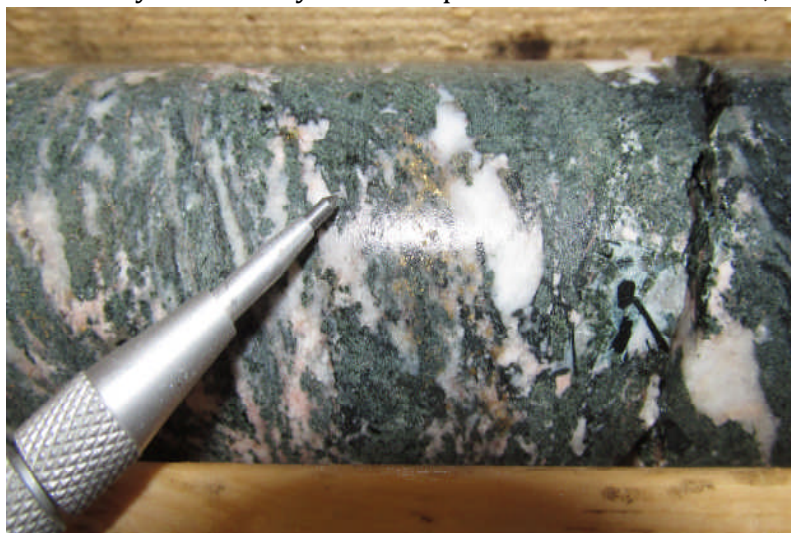
Besides now accessing deeper mineralized ore at the "main" Seabee Mine, Claude has fairly recently developed an adjacent deposit, the L62 deposit. *It has been the main contributor of ore to the mill in 2014.* Results to date from drilling and mining, demonstrate that the L62 deposit consists of very high grades (approximately 8 g/t or higher) (NOTE: All of the mining activity in the Seabee Camp occurs underground, with ore pulled variously by hoists to surface, or driven to surface through a series of underground tunnels.)



## The "Game Changing" Santoy Gap Deposit

In 2011, the high-grade L62 deposit was not the only discovery. **The Company, perhaps more importantly, also discovered the Santoy Gap.** It soon became evident that this Santoy area--which already had infrastructure in place and was permitted--was promising as a near-term potential contributor to mill production.

Back at the beginning of 2011, a new mine at Santoy 8 had started providing mill feed, after a small deposit at Santoy 7 had been mined out. Santoy 8 will likely remain a producer into the future, though ore from it is not the highest priority right now. And the reason for that is that the area between those two (appropriately dubbed *Santoy Gap*) has revealed some of the most impressive ore *ever* found in the area. As you can see in the nearby photo, a lot of the drill core Santoy Gap has contained *visible* gold; something not so common any more.



**Following up after some impressive drill and assay results from earlier in the year, Claude announced on September 10 that drilling at Santoy Gap has intercepted *multiple* highly-mineralized vein systems with economic grades.** Not only were many of the intercepts fairly high grade (one notable one showed 26.77 grams--nearly one full ounce--per tonne over nearly 9 meters) but that latter statistic--*the veins' width*--also impressed. In short, this added to the status of the Santoy area, and the Santoy Gap especially, as the most important producer right now for the company. And it has vindicated the company's initial confidence in the Santoy Gap.

Relative to how quickly companies *on average* can put a new ore body into production, it is impressive that Claude was mining production ore from the Santoy Gap a mere two and a half years after its discovery. The company started mining there last May; and through the end of August, it had already mined 15,000 tonnes *at over 7 g/t*. This is important, because this is substantially higher than the current Mineral Reserve estimate of 5.68 g/t; and it has already contributed to better-than-forecast production and operational results.

It *had* been expected that *increased* production from Santoy Gap wouldn't come until well into the fourth quarter of 2014. But that changed. As Claude's then-Interim President and C.E.O. Mike Sylvestre said in a Sept. 10 announcement, "These results and the fact that we are now in production demonstrate why we anticipate the Santoy Gap deposit will have a positive impact on our production profile. The significance of these (drilling and assay) results is that all three structures hosted within the Santoy Gap continue to demonstrate economic grades and widths. The Santoy Gap deposit contains more gold ounces per vertical meter than other ore bodies in the camp and, based on that, we have the opportunity to improve productivity and margins." Over the rest of 2014, Claude expected to mine 200-300 tonnes per day there, increasing to 400-500 tonnes per day in early 2015 (which news as I update this confirms.)

As was recently pointed out to me by Marc Lepage, Claude's Manager of Investor Relations-- Santoy Gap ore contains roughly 2,000 ounces of gold per vertical meter. **To put this in perspective, this is richer than any ore on the property, as the Seabee Mine contains roughly 1,000 ounces per vertical meter.** And again, it is not so much that many of the grades are running at or well above the camp's historic 7 grams of gold/tonne rate. *It is more because the width of the more economical gold-bearing veins are so much wider in this particular area.* Also, it is worth noting that the Santoy Gap ore body is close to surface and therefore mining costs are lower than any other deposit in the Seabee camp.

*In the below photo, a Claude Resources geologist checks some figures standing in front of one of the high-grade areas at Santoy Gap. Pretty much everything you see here is one of those wider gold-bearing veins, comprised of quartz (the white material) and volcanics (black)*



The recent higher-grade ore from Santoy and even the Seabee area was one of the big contributors to the *first* big production surprise of 2014: **this being the second quarter's blowout gold production number of 18,742 ounces of gold.** The overall ore milled in the second quarter ran at 7.7 grams of gold per ton (roughly a quarter of an ounce), well up from 5.13 grams/ton the year before.

Helping the cause as well has been a development that has meant just as much to the company in increasing production and reducing costs as higher-grade ore has accomplished. **And that has been the inauguration of a new mining method called Long-Hole Alimak Mining on the L62 deposit.** The most important part of the new mining method is that it takes 9 months to mine a 100-meter zone instead of 16-18 months. This mining entails less development, labor, equipment usage and maintenance.





*Above, members of Claude's mining crew employ the Long-Hole Alimak Mining Method at Seabee's L-62 deposit*

Initially, Claude brought in outside contractors/engineers to implement this mining practice. *Its own miners now are carrying this forward.* Being neither an engineer nor a miner by trade, I won't attempt to explain the intricacies of this new/improved type of mining where ore bodies such as Claude's can be best served. Suffice it to say that the end result--as the company has already proven by its greatly improved operations/lower costs--is that this mining method is faster, cheaper and more productive. (NOTE: For those of you who would like to roll up your sleeves and become better acquainted with this new innovation in mining narrow vein underground ore bodies, I recommend you visit the web site of the Ontario-based Manroc Developments, Inc. engineering/mining firm. Yours truly learned a lot more there! Visit <http://www.manroc.com/article/alimak-production-mining-114.asp>)

## **Turning the corner to lower costs and renewed profitability!**

**Higher-grade Santoy Gap ore (and more of it) together with the better economizing of the Seabee and L62 ore body from this newer, more efficient mining method brought Claude back to profitability in stunning fashion in the last two quarters.** The company realized a net profit for the second quarter C\$3.3 million, or C2 cents per diluted share, on revenues of C\$24.7 million. *That latter figure was half again higher than the second quarter of 2013.* Total cash costs per ounce of gold were C\$753 (U.S. \$691), a 14% decrease from the second quarter in 2013.

The blowout second quarter accelerated a process of investors taking greater notice of the company's turnaround. It also took some additional financial pressure off the company. It ended with a much more comfortable level of working capital of C\$23.7 million. Much stronger cash flows through the first half allowed the company to reduce debt by over C\$7 million; Claude said at the time (after 2Q) that its full-year goal was at least a C\$10 million reduction.

**Though the company went to some effort to explain why the second quarter's incredible performance might settle down a bit, the company announced On November 3 even better news**

**for the third quarter.** Another record quarter of gold production in the third quarter was logged, of 20,614 ounces (not quite all of which was sold and booked, by the way; so some residual income will spill into Q4's financials.) Claude realized net income of C\$6.9 million for the period, or C4 cents per share. *Year-to-date* net for the first nine months is now C\$5.1 million, or C3 cents per share.

**Claude Resources Inc.**  
TSX: CRJ | OTCQB: CLGRF



Stronger Balance Sheet

*A focus on decreasing unit costs and improved operating execution has resulted in our ability to reduce debt and strengthen the Balance Sheet*

All amounts in \$CDN	Sept. 30 2014	Dec. 30 2013
Cash and cash equivalents <i>(in millions)</i>	<b>\$10.6</b>	(\$8.6)
Total debt <i>(in millions)</i>	<b>\$23.5</b>	\$33.2
Net debt <i>(in millions)</i>	<b>\$12.9</b>	\$41.8
Working capital <i>(in millions)</i>	<b>\$27.8</b>	(\$11.9)
Current ratio	<b>3.21</b>	0.77

In part for its third quarter conference call, Claude updated us all on how much more this latest stellar quarter did for the company's rebound by updating its corporate presentation. As you see in the above slide from it, by virtually all metrics, Claude is light years ahead of where it was at this time last year. And--ever so slowly--investors are taking notice.

Unlike most other junior explorers and producers in the precious metals area that rebounded earlier in 2014 and have since given everything back, Claude has at least managed to hang on to the majority of its gains from the low of C12 cents per share late last year. **But even at recently triple that pitiful level, Claude--a company now with infinitely better finances, net earnings for the first time in quite a while, record production and more--is still selling for only about half of its book value!**

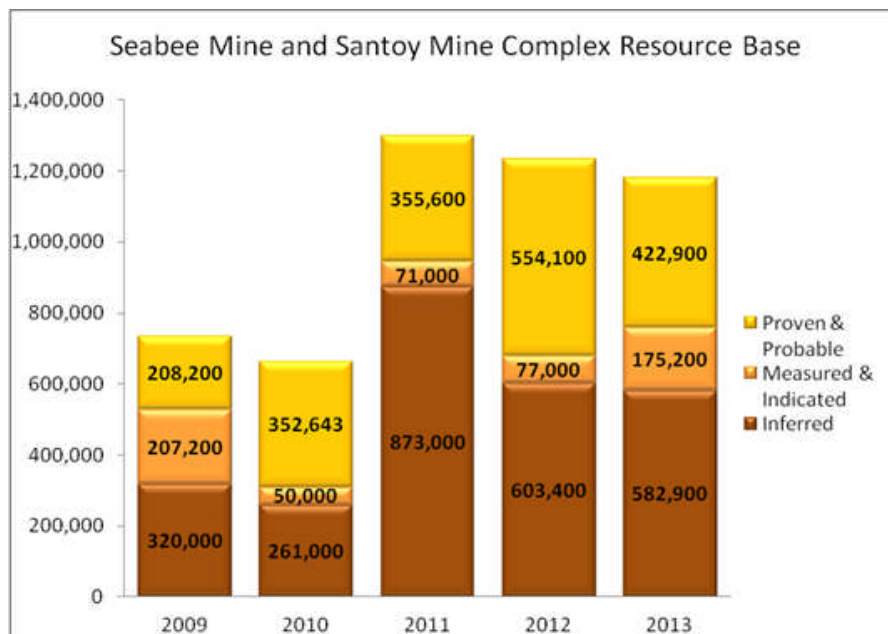
Given its remarkable turnaround and the fact that Claude was in the top few gold miners in 2014 performance--**UP some 150% from its late 2013 level**--it has increasingly been trading independently of the overall sector. Investors and analysts who abandoned Claude during the dark days of 2012-2013 have started to trickle back. But make no mistake: if you assume as I do that 1. the gold price has pretty much bottomed and 2. the company will be able to at least settle into a higher 60-65,000 ounce gold production level, then its shares--at half of book--are *still* DIRT CHEAP!

For a small company the size of Claude, it's hard to overstate the effect on the company's bottom line if even the majority of the improvements of 2014 are galvanized. **The combination of lower realized gold prices and the mining of lower-grade ore than forecasted in 2013 combined to shave some C\$30 million off Claude's cash flow as opposed to 2012.** As this debilitating shortfall is reversed, the effect on Claude's operations and bottom line *could become exponential!*

Bear in mind the possibility that the early part of 2015 could see the precious metals sector--and mining shares particularly--*rebound sharply*. (I discuss this possibility separately in my 2015 forecast issue, entitled, "Your Investment Playbook for 2015," a complimentary copy of which is yours for the asking!) And especially in cases like Claude where the company's drastically improved fundamentals

warrant it, I believe we can see another big surge toward my target price(s) for the company!

**In March--in addition to hearing how the fourth quarter and full year turned out--we will also learn about the company's updated gold reserve/resource base at Seabee.** Its improved fortunes have allowed Claude to increase its drilling budget; a total of 60,000 meters of largely infill drilling should be completed shortly. In the end, I expect to see the years-long general upward trajectory of the company's gold resources and reserves in the ground reinvigorated.



## Future development / expansion

As I stated earlier on, one of the key reasons I have recommended over time that my Members always keep at least some small position in Claude is due to the fact that it sits in what is quite possibly a future *mining district*. The Seabee area and its environs remain largely unexplored. As has been the case already with the discovery of the Santoy ore bodies, the potential exists within this overall gold-hosted greenstone belt for the discovery and development of additional economic deposits over time.

**And as Claude "steps out" similarly to what it has already accomplished with Santoy, keep in mind that it has the benefit of the needed infrastructure already in place.** Companies that discover ore bodies without that benefit elsewhere face, at times, prohibitive costs in developing the



needed infrastructure to turn discoveries into economic, recoverable deposits. Even if not prohibitive, development costs in "virgin" areas can be substantial. Here, Claude already has much of what's needed.

In the near term, Claude has the capacity with relatively little added cost to increase annual gold production to around the 70,000 ounce level (For now, the company is suggesting that 2015 production will roughly equate the raised level of 2014.) I suspect that the growing success in operations, ore grade, the efficiencies of the Long-Hole Alimak Mining method and the rest will make this level fairly achievable over the next couple years. *And that is particularly the case with the rapidly-increasing profile of Santoy Gap, which alone looks as if it could be developed into a 1.5 to 2 million ounce deposit on its own.*

Beyond this, and as it develops additional resources and reserves, infrastructure will need to be strengthened, chiefly to increase milling and recovery capacity. But it's heartening to know that--even if it didn't find another ounce of gold--Claude could continue mining at present levels for a decade to come.

## Amisk -- Another Possible Mine for the Future?

Though it matters little for the time being in the overall outlook for the company, Claude owns a second major project: **The Amisk Gold Project**. Many years back, Claude owned this property, located near Saskatchewan's eastern border near Flin Flon, Manitoba. The property consists of 40,373 hectares and has been subject to a considerable amount of exploration from the 1960's through 1990's. *After giving it up, Claude rekindled the project in 2010.* A "second look" suggested that, with better economics in the future, Amisk could be host to a large bulk tonnage gold/silver deposit that would be mined as an open pit.

To date, Amisk has been calculated to have a legally accepted Indicated resource of 921,000 ounces of gold and an Inferred resource of 645,000 ounces. Considerable additional drilling would need to be done to both enlarge the overall resource, and to move at least enough of it into the "proven and probable" category usually necessary before development and mine construction happens.

Until more improvement and cash comes from Seabee *and* gold prices move back up some, Amisk will sit as it is. None the less, it's nice that Claude is able to hang on to this promising prospect; one that could add to its stature in the future.

## In Summary

Generally speaking, precious metals exploration and mining companies (and, for that matter, ones in other raw materials sectors as well) can give investors a roller coaster ride. Like other volatile sectors --biotechnology stocks, for example--many are dependent on company-specific news to drive them to a great extent. Where miners are concerned, *broader* market and cost pressures are also at work. **And even more than what has happened in the past, the booms and the busts within what had been about a dozen years when gold was trending upward strongly have been startling at times.** As we have seen just with Claude Resources, there have been stretches where the share price has soared 500%. Those were then followed by ones where half or more of the market cap evaporated away.

*This last time around, however, was beyond anything I have ever seen.* On top of rising mining costs and, then, a 35% drop in the gold price generally hurting *everyone*, Claude's wounds were that much more severe due to its own operational issues I have discussed. Those now seem to be in the rear view

mirror, however. In my view, even the 150% rise in its share price in 2014 is but a shadow of what the company's turnaround warrants.

**Again, as I am distributing this Report, Claude Resources' shares--at C36 cents each--are a mere half of their book value.** It sells at about three times its cash flow; again, a pittance, and dramatically less than is the case in anything resembling a normal valuation. With the renewed attention being slowly garnered by the company, I don't expect this to last (barring, that is, a *new* breakdown in the price of gold.) As best as I am able to keep my finger on the pulses both of the company specifically and the sector generally, I sense that Claude may, by its recent merits, be slowly winning back *some institutional and analyst attention and coverage*. That should also bring in some support for the company's beaten-down shares which *still* seem priced as if the company was on life support.

# Claude Resources Inc.

*Discovering. Developing. Delivering.*

I do not know what the future will bring, of course. None of us do. But based on my outlook that 1) the gold price is nearing the end of a bottoming process that started well over a year ago and 2) it should trend at least modestly higher over the next few years, what we have is **one of the best times to buy Claude Resources since the bottom in late 2008.**

In a calculation that is admittedly more "gut" than anything too scientific or mathematical, I expect to see Claude eventually back into the C75 cents - C\$1.00 area at a minimum. This assumes that the gold price works its way at least back to the \$1,300 per ounce level, and that the company's recent turnaround is solidified. That share price target would do little more than take the company back up to where it sells at roughly its book value (which should increase some, as debt is further reduced and additional reserves are logged.)

**A more bullish picture for the gold price should augment this, and could take Claude's shares back to their early 2011 peak around C\$2.85 each.** Given the better chances that overall gold production will be bumped up closer to the 70,000 ounce/year level over the next couple years--and assuming that the new efficiencies continue to deliver--I think a level as high as C\$2.50 per share could be reached for Claude's shares even at a \$1,500 per ounce gold price.

You've heard the old adage that you want to buy "when there is blood in the streets." Despite the modest sector rebound in 2014 and notwithstanding Claude's vast individual outperformance, that remains the environment for mining stocks generally. But now the wounds have been bound, the bleeding for at least this one company has stopped...and a look once again back at that stock chart on Page 3 should prove just too compelling to you to pass up!

**And for all these reasons, I have reiterated to my Members that they should be once again accumulating shares of Claude Resources, given the reality of its own turnaround, and in anticipation of a broader turnaround sooner rather than later for the precious metals sector.**

STAY CONNECTED with Claude Resources, and continue to learn more about the company:

\* Visit Claude's web site at <http://www.clauderresources.com/index.cfm>. There you can get on the company's mailing list for news, presentations, financial reports and the like, as well as find the links to follow the company on social media.

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## HOW TO PURCHASE SHARES OF CLAUDE RESOURCES IF YOU ARE A U.S. INVESTOR USING A U.S.-BASED BROKERAGE ACCOUNT

For those of you who are not already used to buying shares of companies such as Claude Resources that are listed primarily in Canada, I want to give you a quick and easy "tutorial." It's MUCH easier than you think, if you have never done so, to buy such companies in any U.S. brokerage account.

Many larger Canadian and other foreign companies have primary listings on more than one major exchange. For those listed on the New York Stock Exchange or the Nasdaq as well as Toronto, you need only buy/sell using the U.S. market. Generally, there would be no reason to check prices and such on the Toronto Exchange first.

More often than not, smaller companies for both cost and logistical reasons do not *list* their shares on a major U.S. exchange. *But they are still tradable in the U.S. via the Nasdaq's OTC Market.* All you need to know is the company's symbol; unlike most U.S.-listed companies, it will always be a *five-letter* symbol ending with an "F."

In Claude's case, its ticker symbol in the U.S. is **CLGRF**, while on Toronto it is **CRJ**.

**The main consideration in buying shares of Canadian stocks via the OTC market is that *sometimes--if you look at the OTC quote first--you are not getting as fresh and accurate a price as you would if you went to the Toronto Exchange.*** You simply need to insure, via a simple process, that you are neither overpaying for a stock when you buy it, nor getting less than you should when you sell. That is easy to accomplish.

The most reliable and current quotes for shares of companies such as Claude are to be found *first* on Toronto's exchange, be it the TSE or the Venture Exchange. Prices and volume activity are updated all through the trading day on the Toronto Exchange, just as they are on the N.Y.S.E. or Nasdaq, and are generally fresh.

*I will use the following example to show the simple process that will normally take you LESS THAN TWO MINUTES to enter a trade to buy Claude Resources' stock via the OTC market in the U.S:*

**1.** First check the Canadian quote for Claude, via its ticker symbol in Toronto, **CRJ**. You'll find this at the Toronto Exchange's web site, at [www.tmx.com](http://www.tmx.com). Plug in "CRJ." We'll say for purposes of this lesson that the current asked price for Claude's shares is C\$0.36, or 36 cents per share in Canadian currency.

**2.** Next determine what that price is **in U.S. currency**. If you don't follow exchange rates on a daily basis, you can get a fresh picture by going to Kitco's web site, at [www.kitco.com](http://www.kitco.com) (or your own favorite one that lists currency differentials; there are many.) Near the bottom of Kitco's front page, you will find a table of various currency exchange rates. At this writing the Canadian dollar, rounded off, is worth 80 cents in U.S. currency.

**3.** Do the math as to what Claude's U.S. asked (selling) price should be:

C 36 cents per share X .80 = **US 28.8 cents per share.**



4. Finally, enter a LIMIT ORDER to buy the number of shares of Claude you want in your U.S. brokerage account at *or very near* that price. **I would first start with that 28.8 cents per share (these days, most online brokers will allow you to use tenths of a cent in pricing.)** If the order doesn't fill right away, bump it up by a tenth of a cent once or twice until it does. You would use Claude's 5-letter symbol, which is **CLGRF**.

It's that simple! And, of course, you would do much the same thing when it was time to sell some of your holdings. But in the case of a sale, you would focus on *the bid price* listed on the Toronto Exchange's site for the company in question.

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