

Outlook for 2022

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2021 has been one of the worst years after the big run of 2020. Gold miners as well as biotechs are both going on hard almost at the same time. In gold miners the indiscriminate sellings were at a lesser degree compared to biotechs, but some juniors were hit extremely hard. I suspect a lot of the sellings in December were due to redemptions and tax losses.

Currently we are at an interesting junction of the market. The Fed announced tapering and plans to raise interest rates 2-3 times in 2022; in the meantime, China just cut interest rates recently and plans more cuts in 2022. In the past 10 years, this divergence has happened twice: once in late 2014 to early 2016, once in early 2018 to the end of 2018. Both occurrences marked the important bottom of gold. See the attached diagram of gold in the past 20 years with the two periods marked in the boxes.



As you can see on the diagram, gold entered these two periods heading down first, but in both times gold found an important bottom and turned around heading higher. The reason behind this is quite simple. The US and China are the two most important economies in the world. When China was cutting rates, the US couldn't raise rates for long as the world is connected and any slowdown in China will soon be felt around the world. I believe the current situation is similar to the previous two. China got into COVID first and got out first. In late 2020, Chinese inflation jumped as the country came out of the pandemic, similar to the US right now. But inflation came down rapidly after life returned to normal. This may not be exactly the case in the US as we printed a lot more money, but it can be an indication of what's to come next.

Just like the other two times, gold may initially head lower as the US is raising the rate in 2022. But

as soon as the market senses the Fed will stop raising rates soon, we will find an important bottom and gold will have a huge rally. It could happen sometime in 2022. The best time is probably when gold "crashes" and everyone on CNBC is calling that gold is finished. Bottomline, remember gold likely bottoms in 2022. When everyone turns bearish on gold in the middle of 2022, it is a great time to buy bargains. Look at the Fed voting member table below. The Fed will turn hawkish in 2022 then dovish in 2023. That's another great setup for gold.

FOMC - Hawk/Dove Analysis		InTouch Capital Markets			
Last Update: 21 December 2021					
Name	Position	Hawk Scale	Voter?		
			2022	2023	2024
Most Dovish					
Kashkari	Minneapolis		x	✓	x
Brainard	Board		✓	✓	✓
Evans	Chicago		x	✓	x
Daly	San Francisco		x	x	✓
Powell	Chairman		✓	✓	✓
Williams	New York		✓	✓	✓
Clarida	Vice Chair		✓	✓	✓
Bowman	Board		✓	✓	✓
Quarles*	Board		✓	✓	✓
Montgomery**	Boston		x	x	x
Barkin	Richmond		x	x	✓
Mester	Cleveland		✓	x	✓
Bostic	Atlanta		x	x	✓
Harker	Philadelphia		✓	✓	x
George	Kansas City		✓	x	x
Black	Dallas		x	✓	x
Waller	Board		✓	✓	✓
Bullard	St Louis		✓	x	x
Most Hawkish					

Notes
 2022 Voting members in bold
 *Board Member Quarles leaves in end of December
 **Fed's Harker has voting rights in 2022 unless or until a full time replacement is found for the interim position being held by Montgomery

I am even more bullish on silver and platinum for 2022. Silver industrial demand, particularly in the solar panel as well as chips will likely surge in 2022. Platinum demands should rebound as automobile production rebounds, plus there is a potential strike of platinum miners in South Africa as their contract is up to renewal.

FireFox Gold Corp. (FFOX.V) is in northern Finland, next to Rupert which made a big discovery and hit 1 billion CAD market cap. B2/Aurion recently hit the discovery hole not far from FFOX claims, to the west of the Rupert discovery. The only company that holds major land positions in the area is FFOX. Compared to Rupert's 1 billion and Aurion's 100+ million for 30% of the land position, FFOX 25-30 million market cap is miniscule. One discovery hole will change the picture completely. FFOX recently hit a nice hole to the south, 15.45m of 7.69g/ton, and they will follow it up in the new year and have many targets in 2022. The only thing holding up the stock price is that FFOX has about 20 million warrants in the money expiring in the middle of 2022. I view it as a buying opportunity to accumulate shares on the cheap.

	WARRANTS				
	Grant date	Expiry date	Outstanding	Exercise Price	Value
5	6/28/2020	6/28/2022	4,050,000	0.15	607,500
6	7/16/2020	7/16/2022	2,408,000	0.15	361,200
7	4/23/2020	4/23/2022	3,920,000	0.08	313,600
8	6/24/2020	6/24/2022	5,109,750	0.12	613,170
9	7/2/2020	7/2/2022	5,563,250	0.12	667,590

Cerro de Pasco Resources Inc. (CDPR.CN) owns one of the highest grade surface deposits in the world, which is the historical tailing and stockpile of the Cerro de Pasco mine, the largest silver mine in the world. They hit a roadblock in 2021 as Glenco reneged on the deal they had signed before. However, 2022 is set to be the breakout year for CDPR, after years of waiting. They already took over a zinc/silver mine for a song, which has now become a producer and is generating nice cash flow. There will be more deals coming in 2022 that will put the tailing into production. Their recent deal on green hydrogen is significant. They will be the first mover to create green hydrogen using the pyrite in the historical tailing. ESG is every major miners' dream. That project alone can be worth multiples of the current market cap. Note that the CEO acquired 5 million shares from a private transaction in 2021, it is in the Sedar filings. It shows the management's commitment to the project. It is the same management of Maya Silver, now Aya Gold and Silver. It was one of the best performing silver stocks in the last bear market. I hope their excellent track record continues.

Sierra Metals Inc. (SMTS) is a simple story: It is very cheap. It is a base metal and precious metal producer. ~45% revenue from copper, ~30-35% from gold and silver, I call it a mini FCX. It has almost no debt, pays dividends, and the NAV is about 800 million while the stock is trading at a quarter of it. Usually producers are trading at close to the NAV. The reason is that it was a meme or Reddit favorite. On 10/1/21, it traded 22 million shares and hit almost 3 dollars as it was heavily promoted by meme traders. Then a strange thing happened. The company missed the guidance in Q3 due to COVID restrictions. These traders were trapped in the stock and had to take a huge loss to get out while an insider was buying. It is extremely undervalued at 1.3, and I can see it easily double from here. I had a detailed discussion and even had an interview on YouTube. They are expecting 1-3 quarters before production returns to "normal". We should see progress starting in Q4 into Q2 of 2022. Their EBITDA was 22.7 million in Q3 vs 37.7 in Q2. If they go back to normal operations sometime in 2022, putting 3x EBITDA, we can easily have a 3 dollar stock.(even at the Q3 EBITDA it is worth 2 dollars!) And I believe the stock will be trading much higher from here. Again, it is not a 10 bagger like other stocks mentioned here, but an easy 2-3 bagger.

American Pacific Mining Corp. (USGD.CN) as well as its sister company **Silver Hammer Mining Corp. (HAMR.CN)** are my best performers of 2021. They will have many drilling results in 2022 and I hope they both hit and move up the market cap.

TMB.v/TLRS, KDK.v, LAB.v, NCAU.v, PGLD.v, GENI.cn and **GFG.v** are on my list of exploration companies to watch for in 2022.

AXU, AUMN, ATLY.v, AGX.v, GSVR.v, NVO.v, STGO.to and **MUX** are my favorite small producers. **OGC.to, NGD, EQX, CGAU/CG.to** and **BTO** are my favorite mid cap producers. **SBSW, GFI** and **KGC** are my favorite large producers. I also own ETFs like **GDX, GDXJ, SILJ, GLD, SLV** and **PPLT**.

EMX EMPR.v are my favorite royalty play, they are very undervalued. I also own **OR** and **SAND**.

Biotech experienced one of the worst years in history, a once a decade event. Biotech was down so much that hedge funds were going out of businesses that sold out their positions completely and

many other hedge funds as well biotech mutual funds were forced to sell due to redemptions.

These kinds of indiscriminately sellings created an excellent setup into 2022 that I haven't seen for years. I used the tax loss selling of 2021 to accumulate many bargains that I feel strongly that we will have a bright 2022.

In biotech, I really like **Tricida, Inc. (TCDA)** into 2022, the setup couldn't be better. It is a Cinderella-type story in which small individual investors can play in the same league as the big boys thanks to the recent biotech correction. We built our positions in mid 2021 at around 3-4, just ahead of Steve Cohen's Point72 fund that bought over 2 million shares in the open market in Q2. I calculated that Steve Cohen was buying about 30K every trading day in Q2. In early 2021, the trading volume on TCDA was very thin. It takes a lot of determination to accumulate so many shares from the open market. It is obviously under heavy accumulation in the past few months. We will find out who was buying in a few months when the institution filings come out. The story of TCDA is very simple: companies like FGEN and RETA commanded multi-billion market cap before FDA rejections this year. FGEN and RETA are all targeting a small subset of CKD while TCDA is targeting the whole CKD market. I believe that TCDA will likely be many times the value of FGEN or RETA ahead of the FDA decision in early 2023. Its market cap is only about half a billion and has a lot of room to catch up. That's why many hedge funds are accumulating this stock. I would sell part of my position ahead of the FDA decision to play with the "house money". TCDA is also set to report the outcome of the current trial results in Q3 2022. The chance of success is extremely high. I believe it is more than 90%. If there is a big pop ahead of the data readout, I would do the same: sell some and play with the house money.

Biotechs are a stock picker's market. I have quite a few that have key catalysts in 2022. I would start with **Axsome Therapeutics, Inc. (AXSM)**: I hope they finally get FDA approval after a long delay. **Aurinia Pharmaceuticals Inc. (AUPH)** could have good sales data and it is a good takeover candidate. Both AXSM and AUPH have significant insider purchases, which are rare in the biotech space. The next company with strong catalyst is **Achieve Life Sciences, Inc. (ACHV)**: its key phase 3 data is expected in H1 2022. Going forward, I expect **Fennec Pharmaceuticals Inc. (FENC)** to file with the FDA in Q1 of 2022 and finally get the approval in the second half of 2022. **TG Therapeutics, Inc. (TGTX)** also has key PDUFA events in Q1 as well as Q3. As I discussed before, I plan to trade around these events with house money. **Synaptogenix, Inc. (SNPX)** will release its Alzheimer data readout by the end of 2022. This will be the biggest binary event in 2022, and the upside is huge if they can just have similar results as the previously reported phase 2. My plan is that if there is a big pop ahead of the data, just like many other biotechs, I will reduce my position and play with the house money. SNPX current market cap is only around 60 million and it has much stronger initial results than SAVA, which has a 2 billion market cap. If there is no pop. I am willing to hold my position and roll the dice as you can see the tremendous upside.

Amyris, Inc. (AMRS) is one of my best trades in 2021. I initially bought stock and call options at 3 in late 2020 when AMRS announced deals. I sold most at double digits. One of my call options appreciated 30-fold. Now it is back to the 5-6 area thanks to the Q3 miss and big convertible raise. The company is guiding 300+ million of 2021 to 500 million for 2022 to 1 billion for 2023 and potentially 2 billion in 2025. AMRS is currently trading at 4-5 times of the 2021 sales or about 1-2 times the sales of 2023. In comparison, AMRS's main competitor DNA is trading at 100 times the sales of 2021. AMRS is leading the competition in vertically integrated, lowest-cost consumer products. In 2022, AMRS will be the first in the highly profitable synthetic cannabinoids market as they are already making synthetic CBG on a large scale. The key 700+ million lawsuit against AMRS is mostly behind them now, according to the CEO in a recent article. Now AMRS can sell synthetic cannabinoids at a large scale. The biggest wild card for 2022 is that John Doerr, who owns 19.9% of AMRS stock plus many convertible bonds and sits on AMRS board, also funded Amazon and Google. Will he use some of his connections to get a few strategic deals for ARMS and save the planet in the meantime? At the minimum Mr Doerr may feel bitter that Cathy Wood's DNA is trading at 20 times higher in valuation than his AMRS and may push the management to enhance

shareholders' value. AMRS's future looks very bright from here and now it is an even better buy than the 3 dollar buy in late 2020.

Finally I expect **Pan Orient Energy Corp. (POE.V)** to pay big tax free distributions in 2021, more than the current market cap. **CUB Energy Inc. (KUB.V)** will complete the deal to sell the Eastern Ukraine project and become a small, cash rich company focusing on Western Ukraine. **Canacol Energy Ltd (CNE.TO)** will continue to buy back shares and pay 6% dividend while expanding its gas businesses.

In conclusion, I am quite excited about 2022 after a tough year of 2021. I look forward to many profitable trades in the new year.