



The Warrant Report

2013- The year that would not end.

Dudley Pierce Baker

No investor in the resource sector would argue that 2013 has been a year from hell. Gold still trades near the low that was made in June 2013 and while there has been a retest of those lows recently it is still too early to know for certain that 'the bottom is in place'.

Charts are great to review in hindsight the price performance for commodities and shares. However, predicting the future from past performance is virtually impossible and is merely subject to one's interpretation. The Dow and S&P 500 have soared in 2013, posting the biggest annual gains since the late 1990s. The Dow was up 26% and the S&P 500 gained more than 29%. The NASDAQ has surged nearly 40%, to highs not seen since 2000.

From a contrarian standpoint; resource investors should be aware that shares are near their lows as many Canadian indices and shares are trading near historical lows, and we remain confident that a new bull market in resource related shares is right around the corner. The only true losers will be those investors that turn a blind eye to this sector and run away.

Recently Added Warrants:

- Northern Frontier
- Advaxis, Inc.
- InterCloud Systems, Inc.
- Cathay General Bancorp

Warrants Expiring Soon!!!

- Mint Income Fund
31-Jan-2014
- Endeavour Financial
4-Feb-2014
- Golden Minerals
20-Feb-2014



What We Did In 2013

In May of 2013, we expanded our coverage to include the US markets and branched out of a purely resource focus to develop a wealth of new options for our subscribers. Completing that transition, we changed our name from "PreciousMetalsWarrants" to "CommonStockWarrants" to reflect our expanded database services. We have added substantially more content to our databases, while updating all of the companies to include news and current charts that can be accessed through the database by clicking on the company name or through the search feature for current subscribers.

At our news portal, www.JuniorMiningNews.com we have grown to 1800 followers on twitter, "JrMiningNews", even in this greatly depressed resource sector. Our slogan is "Big Picture News for Resource Investors" and we are cherry picking the best articles we find for our followers.

We will launch another website in the New Year rivaling some of the current media and news giants in the resource sector and you will definitely want to be a part of our growth. This website will be more news and content oriented with a search feature. We will keep you posted as our launch approaches.

Our Disappointments in 2013

Like most investors in the resource sector, our investment portfolio is down substantially, but not out. Most shares will return to their former glory, however, two companies will not and this is a great disappointment for us.

Aurcana Corporation (AUN) which has recently shuttered its Shafter property in West Texas has been a nightmare with many delays and disappointments to shareholders and doing a terrible job on the public relations front with little to no communication with investors.





Colossus Minerals (CSI) operating in Brazil only last summer was selling for over \$1 and is now less than \$0.10. What once was perceived as a good project and management is now totally gone to crap. It is unbelievable how fast this company melted down with little time for investors to react.



Can we learn from these two mistakes? One must realize it is impossible to entirely avoid failure when investing in resource shares, which is why we must have many positions to spread the risk as well as to increase our opportunities in the event of a company's success.

Small losses are part of the business, but large losses and disappoint with Aurcana are not acceptable to us and we will strive to make damn sure a similar event does not happen in our future.

Current Warrant Valuations

As the markets close out 2013, we have the S&P 500 and the Dow Jones Industrial Average in the U.S. trading at all-time highs and conversely the resource sector is closing out at virtually historic lows.

Many analysts on CNBC are now concerned of a topping process in the U.S. markets. We ask, **'is this not a great time for U.S. investors to take their profits and now make investments in the resource sector?'**

There are appropriately 200 companies with stock warrants trading. A couple of interesting companies that have stock warrants are Alamos Gold (**TSX: AGI & NYSE:AGI**) and MannKind (**NASDAQ: MNKD**). These are not intended to be current buy recommendations but merely to showcase two interesting situations.



Alamos Gold TSX:AGI & NYSE:AGI

Alamos Gold Inc. is engaged in the acquisition, exploration, development and extraction of precious metals in Mexico and Turkey. It owns and operates the Mulatos mine (Mulatos or the Mine) and holds the mineral rights to the Salamandra group of concessions in the State of Sonora, Mexico. The Mulatos mine is approximately 220 kilometers by air east of the City of Hermosillo. In addition, the Company owns the Agi Dagı and Kirazlı advanced-stage gold development projects located in the Biga Peninsula of northwestern Turkey. Agi Dagı is located about 50 kilometers southeast of Canakkale, and Kirazlı is located approximately 25 kilometers northwest of Agi Dagı. In January 2013, it acquired 14.3% interest of Aurizon Mines Ltd. (Aurizon). In August 2013, the Company acquired Esperanza Resources Corp. In September 2013, the Company announced that it has completed the acquisition of Orsa Ventures Corp.



Alamos Gold TSX: AGI & NYSE:AGI



Alamos is a gold producer with properties in Mexico. The warrant trading on Alamos Gold was issued in connection with Alamos's acquisition of Esperanza Resources last summer in August 2013.

This company currently has our attention due to one of the lowest all in cash costs per ounce; coupled with recent acquisitions throughout the year that have positioned them nicely to breakout in a good market environment. The warrants are currently priced at an increasingly better bargain, and while the markets could have a little more impact on the share price, this could be approaching a bottom if it's not

already in place. Again, this is based on an interest in the underlying common stock itself.



Recent examples prove yet again the leverage that the warrant provides in lieu of the common stock.

Alamos Gold has made impressive headway in an otherwise difficult environment, and while their share price has taken its own hits; their core value has grown and we believe they are poised to ride through any unforeseen market environments still around the corner.

While we would like to see the warrants trade below \$1 in price in all likelihood we have seen the lows.

Liquidity is always an issue to consider when buying or selling warrants and there is a rather

[Alamos Gold on CommonStockWarrants](#)

[Alamos Gold Details on Reuters](#)

[Alamos Gold Website](#)



The warrants have a long life and do not expire until 30 August 2018 and have an exercise price of C\$29.48.

thin market for the Alamos warrants, but that issue can be dealt with by using limit orders when placing buy or sells. Complete details are available for our paid subscribers in our databases as well as our current leverage calculations and rating.



MannKind Corporation (NASDAQ: MNKD)

MannKind Corporation (NASDAQ: MNKD) is a biopharmaceutical company focused on the discovery, development and commercialization of therapeutic products for patients with diseases such as diabetes.

Our lead investigational product candidate, AFREZZA® (pronounced uh-FREZZ-uh) is a novel, ultra rapid-acting mealtime insulin therapy. AFREZZA is in late stage clinical investigation for the treatment of adults with type 1 or type 2 diabetes for the control of hyperglycemia. It is a drug-device combination product, consisting of AFREZZA inhalation powder pre-metered into single use dose cartridges and the light, discreet and easy-to-use AFREZZA inhaler. Because of its unique pharmacokinetic profile, AFREZZA may be a promising new therapy for patients with Type 1 and Type 2 diabetes, as it controls post meal-time glucose levels with less weight gain and lower risk of hypoglycemia.



AFREZZA utilizes our proprietary Technosphere® formulation technology, which is based on a class of organic molecules that are designed to self-assemble into small particles onto which drug molecules can be loaded. We believe Technosphere represents a versatile drug delivery platform that may allow pulmonary administration of certain drugs that currently require administration by injection, such as GLP-1. Beyond convenience, we believe the key advantage of drugs inhaled as Technosphere formulations is that they have been shown to be absorbed very rapidly into the arterial circulation, essentially mimicking intra-arterial administration. MannKind is also developing other inhalation technologies, including an innovative line of patient-focused, breath-activated, dry powder inhalers and inhalation profiling to characterize patient inhalation.





Mannkind Corporation

In the October 31st, 2013 issue of **The Technology Investor** (a Casey Research publication) written by Chris Wood, Senior Analyst, Chris recaps their previous buy recommendation on MNKD.

“We bought MNKD on January 28, 2013 at \$2.56.....and sold it on August 2, 2013 for \$8.29—a realized gain of 197% within six months.

How did we manage to capture such large gains in such a short period of time?

We applied one simple rule: Only invest in biotech stocks with at least one near-term, value-driving catalyst.

A catalyst in this sense is basically just a value inflection point for the stock, a milestone on the calendar that is bound to move the share price. When it comes to small biotechs, there are a number of such catalysts along the road that a company must follow as it advances a drug from the lab to the clinic and hopefully to commercialization....”

We applaud the buy recommendation on MKND and their performance, but I must ask the question, **‘did they not know there was a long-term warrant (Feb 2016) trading on MKND?’**

Perhaps **The Technology Investor** should have had ‘our list’ (the only list) of all stock warrants trading which would have alerted them to

Until next month,
The Team.

www.CommonStockWarrants.com

consider recommending the warrants instead of the common shares.

You see the difference for investors was substantial as **the warrants produced a gain of approximately 500% over the same period of**

time and thus the warrants outperformed the shares by a factor of 2.5 to 1.

Readers this is why investors should consider buying stock warrants in lieu of the



common shares. Our database of all warrants at www.CommonStockWarrants.com can and should be considered a complimentary or companion service to any and all other newsletters you are currently subscribing. Use ‘our list’ as a filter. Know which companies have warrants trading and don’t leave these additional gains on the table as in the case of MNKD above.

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