The dangers of listening to a Vancouver stock promoter

City Investors Circle

Vancouver stock promoters are notorious for embellishing stories and creating excitement for investors, which results in the investors getting a stock certificate, and the promoter getting the investors' cash.

Sadly over time the promoter does better with the cash than the investor with the paper certificate. Here is one example.



City Investors Circle

Vancouver stock promoters are notorious for embellishing stories and creating excitement for investors, which results in the investors getting a stock certificate, and the promoter getting the investors' cash. Sadly over time the promoter does better with the cash than the investor with the paper certificate.

Here is one example:

I attended the recent PDAC and met a person I have met many times before, and he knows a company I am close to, so we often talk at their stand. I was chatting to him on the stand when he asked me if "I was in the placing for Klondike Silver"? (TSX.V: KS)

I replied that I had never heard of the company, and he went on to extol the virtues of the company and their 'discovery'. Finally he advised me to "get over to their stand and see if you can get some before it's all gone". That type of statement always raises red flags for me.

.

He told me they were raising $4 million, but had gone to $5 million "due to incredible investor demand", and "may have a little left" (Another red flag).

.

I asked the market cap of the company and he replied $6 million, and I queried how a company with a 6 million cap could raise 5 million in a placing. I then asked if they had all the money in, rather than just commitments, and he said yes. I asked again, have they already got the money in their

bank, and he hesitated before replying “yes”.

I noticed his hesitation, and drew my own conclusion.

.

He gave me a pamphlet about the company, and I noticed the lack of drill results and technical information, another red flag.

I waited week after week for the confirmation announcement from the company, but nothing. (Good news always travels fast).

Last week they made this announcement:

Klondike Silver closes $152,500 private placement

2019-05-01 08:11 ET – News Release

Mr. Thomas Kennedy reports

PRIVATE PLACEMENT CLOSED & DRILLING UPDATE

Klondike Silver Corp. has closed its private placement. **The company raised $152,500 through a non-brokered private placement of 3.05 million units at a price of five cents per unit.** Each unit consists of one common share and one non-transferable share purchase warrant, with each warrant exercisable for a period of five years from the closing at a price of five cents per share. All units are subject to a four-month hold period from the date of issuance. The net proceeds will be used for advancing Klondike’s Sandon, B.C., zinc-silver-lead project located in southeastern British

Columbia, 138 kilometres north of the Trail, B.C., smelter, and for general working capital.

Drill holes discover main lode structure in the Silver Mile

Four holes have been completed of the 13 holes proposed phase 1 drill program. Each hole has intersected several breccia and shear zones of the main lode structure. Several of these breccia zones have intersected minor sulphide mineralisation. **Assay results are still pending on the split core samples**. A series of quality assurance/quality control samples (certified reference materials, blanks and duplicates) has been added to the sample stream at regular intervals. The samples are being assayed by ActLabs in Kamloops, which is an accredited laboratory (ISO/IEC 17025; Lab 790).