

Resource Maven Presents

SILVER STOCK INVESTOR

By PETER KRAUTH

Seeking Silver in Nevada

Peter Krauth wrote the following article about Nevada Silver Corp. in the October 2021 Issue of Silver Stock Investor. It has been amended slightly.

Nevada Silver Corp. (TSXV:NSC) is my latest addition to the Silver Stock Investor portfolio. As you'll see, this is early stage, but they already have a respectable resource, they're in a great jurisdiction (you guessed it – Nevada), and there appears to be big upside. In addition, NSC owns a second asset that is outstanding in its own right, but getting little value from the market...for now.

First we'll look at who's behind Nevada Silver. Sheldon Inwentash is non-Executive Chair, with 30 years of investment experience, having been involved in raising \$15 billion in just the past 15 years. He led Pinetree Capital for 20 years of significant growth. Gary Lewis is CEO and Director, with over 30 years in capital markets, with a deep background in starting, funding and operating resource projects valued at over \$400M in Australia, UK and the Americas. Dr. Ian Pringle is technical director of geology, with multiple successful mineral resource evaluations, discoveries, development and operations (Silver Standard). Dr. Henry Sandri is COO & Director, with over 30 years in a vast array of mining, energy and transportation industries projects.

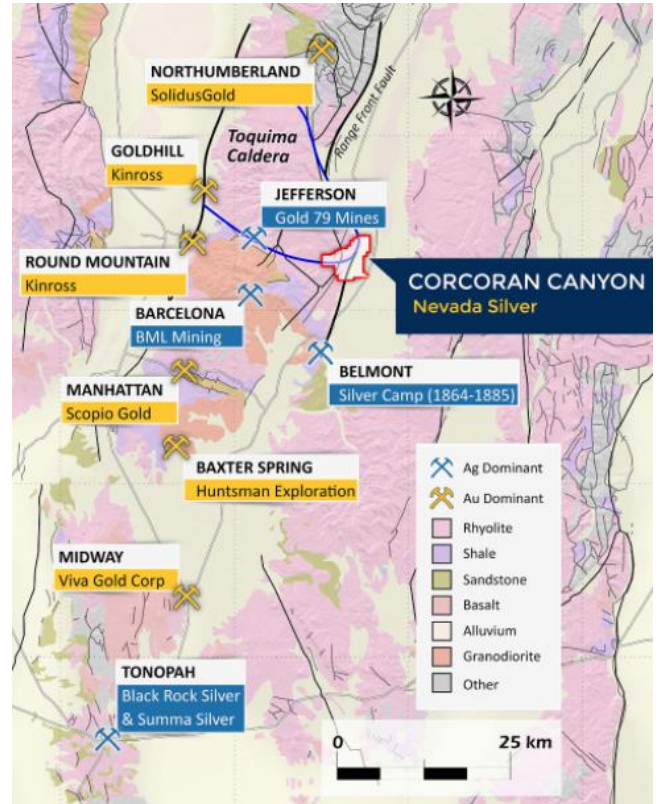
Our main focus is the **Corcoran Silver Project** in Nye County, Nevada. The Silver Reef is a low-sulphidation epithermal deposit, with a compliant resource of 33.5M silver equivalent ounces.

NI 43-101 COMPLIANT INFERRED MINERAL RESOURCE ESTIMATE

Cutoff Ag-Eq g/t	Million Tons	Ag-Eq g/t	Ag Capped g/t	Au Capped g/t	Ag Cap oz	Au Cap oz	Ag-Eq oz
Pit Constrained							
15g/t Ag-Eq cutoff	31.820	32	21	0.23	21,838,000	239,000	32,856,000
Underground							
100g/t Ag-Eq cutoff	0.158	124	112	0.26	567,000	1,000	628,000

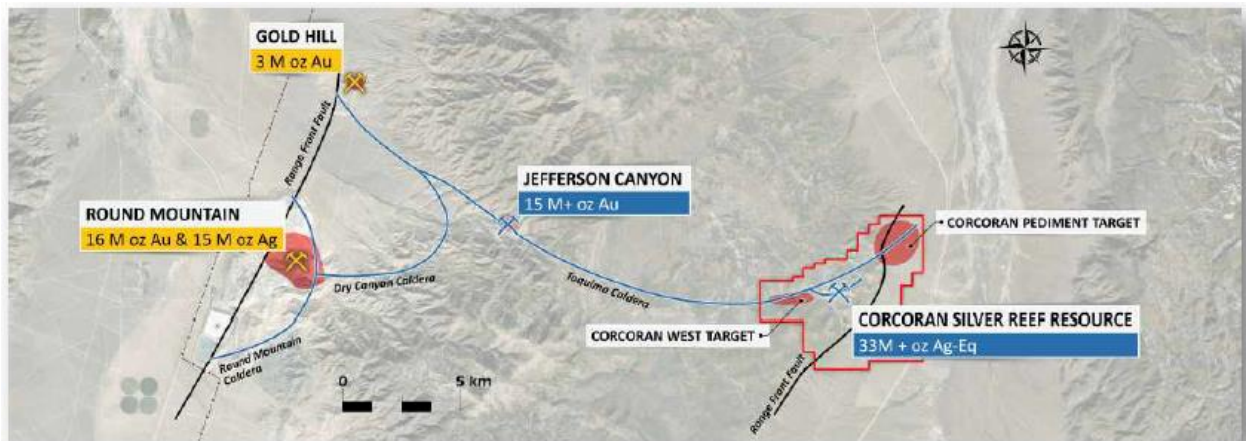
Source: NI 43-101 Technical Report and Resource Estimate, Corcoran Canyon Silver-Gold Property, Nye County, Nevada USA by G Mosher and D Smith, 12th October 2020

Superbly located in Nevada, the world's #1 mining district according to the Fraser Institute, Corcoran is a diamond in the rough that's about to get its deserved polishing. It's owned 100% outright with no royalties.



Source: company reports

Corcoran is on the eastern edge of the Toiyabe Range, one of the most highly-endowed gold-silver districts in the US. It's a 30km wide zone of nested calderas, with ten deposits hosting 24M oz gold and more than 89M oz silver. Located just 25 km east of Kinross' prolific Round Mountain mine (16M oz gold and 15M oz silver), Corcoran is the largest undeveloped silver resource in the Toiyabe caldera.



Source: company reports

Intermittent work over the last 40 years has eventually led to the current low-grade silver resource. But the diamond hiding within is that there have been some very high grade hits, even up to 6,769 g/t silver and 8.4 g/t gold over 1.5m. here's a look at several such intersections that were capped at 300g/t silver and 2.5 g/t gold in order to increase the resource size. Odds are that the contained grade was understated. Management knows that logging and drill hole spacing was not conducive to proper mapping of high-grade zones. With most of the drilling from 3 decades ago was mainly percussion drilling, high-grade 'bonanza' zones were not accurately defined. Even older assaying methods didn't completely dissolve silver in the rock. As a result, NSC plans new metallurgical testwork to advance silver and gold recoveries completed back in 1985. And historic drilling only tested to 100m depth on average.

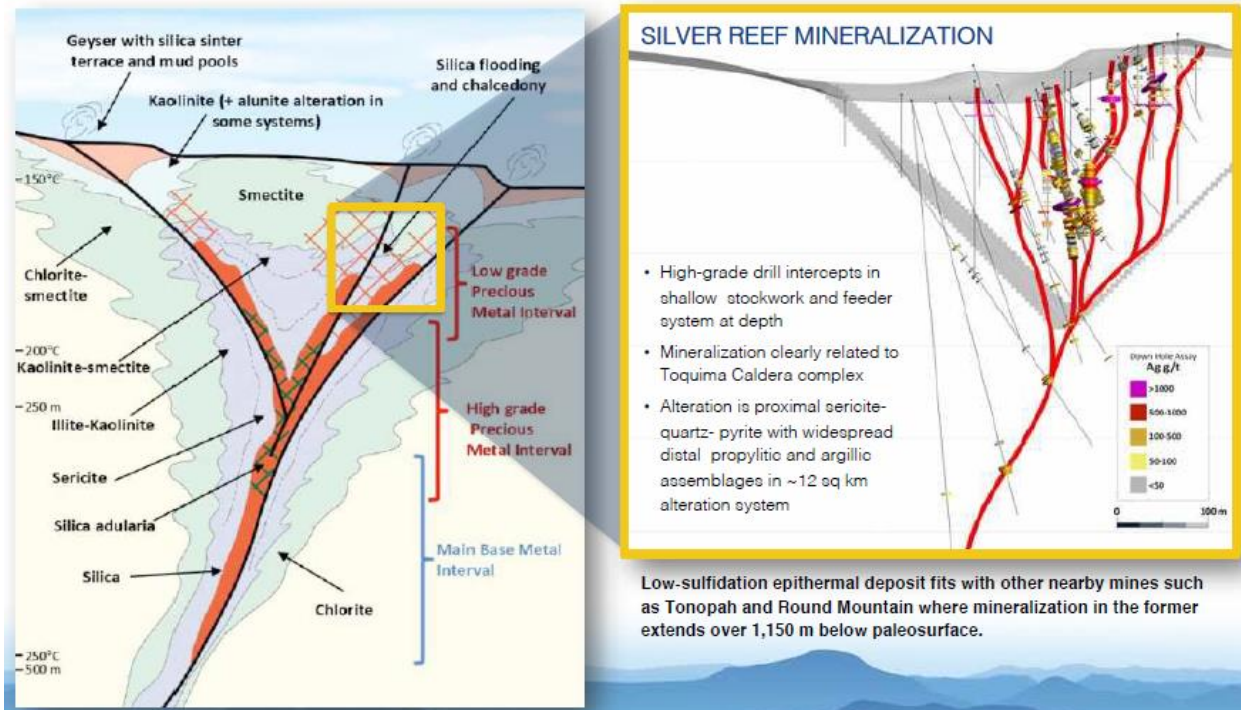
HIGH-GRADE DRILL INTERSECTIONS FROM HISTORIC DRILLING					
Drill hole	From (m)	To (m)	Interval (m)	Silver (g/t)	Gold (g/t)
CC02	0	1.5	1.5	3531	0.07
CC02	13.5	15.2	1.5	4114	0.27
CC30	93	135.6	42.7	390	0.34
CC30	158.5	163.1	4.6	521	0.45
CC38	59.4	65.5	6.1	1874	2.57
CC38	62.48	64.0	1.5	6769	8.40
CCD04	24.4	32	7.6	1150	1.99
CCD05	157	160	3	1370	0.79
CCD09	35.1	36.6	1.5	4103	4.08
CCD15	119.5	121.3	1.8	1186	0.89

Source: company reports

The project is being drilled as I write. Phase 1 is for 8 holes within or close to the resources. Phase 2 will consist of about 20 more holes (2,000 – 3,000m), stepping out to fringe areas, deeper holes, and be more expansion oriented for Silver Reef. The resource is lowish grade, but it does start at surface, which will ultimately make for much easier, likely open pit, mining methods. Nevada Silver's approach will differ from the previous operator, and focus more on high grades and allow a higher grade cut off. While this will likely decrease the tonnage, it should be made up by reaching a higher total silver ounces overall.

The team knows that deeper down, low-sulphidation epithermal deposits get more focused. Feeder zones are the structures along which metals-rich fluids ascended. Because fluids rose quickly, rapid temperature changes and pressure caused silver and gold to drop out suddenly, creating rich deposits along the structure.

There's plenty of work to do. Corcoran is untested at depth and exhibits the potential to Tonopah-type bonanza grades. Portfolio holding Blackrock Silver is in the heart of Tonopah with its Tonopah West project, and hitting superb grades. So far only a small, low-grade area of the deposit has been drilled, yet mineralization is open in all directions.



Source: company reports

If drilling can ultimately figure out how much high grade there is and where it's located, that could make for a mine plan with a low strip ratio from surface, allowing for a quicker payback. Infrastructure is great with easy access, with geologists and drillers able to drive right up to the foot of the hill, and there's water nearby. The current resource covers less than 1% of the total area controlled by NSC. So there's a lot of blue sky around Corcoran. The next major steps will be to expand and upgrade the resource through infill and expansion drilling. That should be followed by a resource upgrade and testwork to publish a Preliminary Economic Assessment (PEA). I look forward to watching this story closely as I believe there's likely to be plenty of upside.

The second asset is the **Emily Manganese Project**, located in Minnesota, USA. This is a true outlier, as it's an advanced project with a lot of value, containing a critical metal. Emily boasts North America's largest and highest grade compliant and independently verified manganese resource. What's more, the resource is just a small portion of a much larger area of manganese-iron along strike and down-dip drilled in the 1940s and 1950s.

The Canada-US joint Action Plan on Critical Minerals (2020) added manganese to its list. Currently, there are no mines producing manganese in the US or Canada, with most US imports coming from South Africa. Manganese is used in steel, batteries and electric vehicle production, and other renewable energy applications. Demand for manganese composites is expected to grow around 7.5% annually to 2025, mostly from batteries and EVs.

Emily has an Indicated Mineral Resource estimate of 5.68Mt of 19.2% Mn and 23.02% Fe together with an Inferred Mineral Resource Estimate of 777.8Kt of 22.48% Mn and 22.15% Fe.

NI 43-101 COMPLIANT INDICATED AND INFERRED MINERAL RESOURCE ESTIMATE

Mn 10% Cutoff Grade	Metric Tonnes	Average Mn (%)	Average Fe (%)
Total Indicated	5,685,310	19.20	23.02
Total Inferred	777,777	22.48	22.15

Source: NI 43-101 Technical Report and Resource Estimate, Emily Manganese Property, Crow Wing County, Minnesota USA by B Dunn, 12th June 2020

Source: company reports

A total of \$23M has already been invested, including crucial technical studies, exploratory drilling, process development and a benchmark pilot process to produce MnCO₃, Electrolytic Manganese Metal (EMM), and Electrolytic Manganese Dioxide (EMD). But this project is quite advanced. At site there's already a processing plant with pumping equipment, a tension storage building and transport and storage facilities, and drainage basins, plus local road improvements have been completed at site.



Source: company reports

Manganese prices are near their 10-year average, but have been climbing steadily since bottoming late last year. With a decent economic rebound and growing demand in the concerned sectors, there's a good chance prices will continue to rise. The U.S. Geological survey has said that "The Emily District may contain the largest and highest-grade manganese deposits in the Northern Hemisphere".

In my view, this asset is likely to get spun out into a new company as a dividend to existing shareholders, or even sold outright to monetize the asset. Either way, that will allow management to concentrate on Corcoran and help it to reach its full potential.

NSC has about 75 million shares fully diluted, cash around \$2.5M, and a current market cap around CAD \$20M. With about 33.5M silver equivalent ounces, that's about \$0.44 per silver ounce; not bad. Founders, board and management own 42.2%, suggesting plenty of skin in the game, and Spratt is in for 9.7%, a great vote of confidence. Institutionals own 14.7% and high net worth investors the balance of 33.4%. Average volume is about 60,000 shares daily, but with such a smallish retail holding, it's not too surprising that on some days no stock trades at all.

There are several near and medium term catalysts. Drill assays will be forthcoming over the next few months, with more drilling planned. Then there's an upgraded resource and PEA. The drill bit will tell us just how high grades can reach and just how much more silver Corcoran contains. Naturally, a rising silver price will help considerably. Plus, the Emily Project can become a big dividend at any time. I think shares have the potential to rise 50% to 100% over the next 12 months.

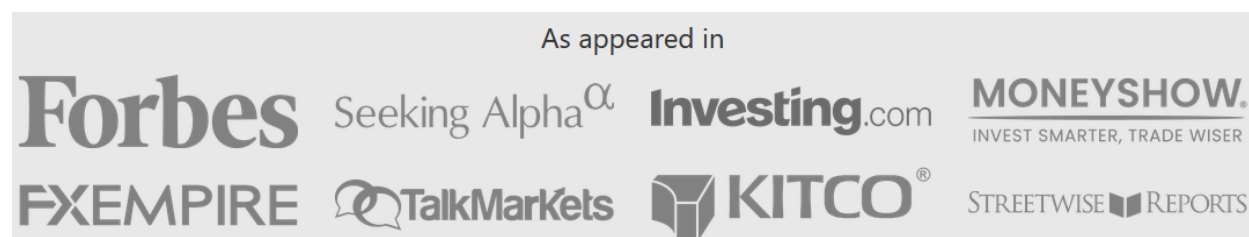
Here's what will help Nevada Silver get there:

- Skilled, experienced management
- 2 valuable projects at various stages
- Located in excellent jurisdictions
- Potential for high grade silver discovery and resource grade + ounces expansion

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Each month Peter gives you his thoughts on the silver market, written in a clear and concise way. He tells you what's been happening in silver, and provides a comprehensive look at different aspects of the silver market.

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*Peter Krauth is the editor of two newsletters that help investors profit from metal market opportunities: **Silver Stock Investor** (www.silverstockinvestor.com) and **Gold Resource Investor** (www.goldresourceinvestor.com). In those letters, Peter writes about what he is buying and selling. He takes no pay from companies for coverage. Krauth is a former portfolio adviser and a 20-year veteran of the resource market, with specialized expertise in precious metals, mining, and energy stocks. He has contributed numerous articles to Forbes, Kitco.com, BNN Bloomberg, the Financial Post, Seeking Alpha, Streetwise Reports, Investing.com, and TalkMarkets.*

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