

Investor's Digest

of Canada

September 16, 2022

Vol. 54, No. 18

Striking for silver in Nevada

The vast majority of gold produced in the United States is mined in Nevada. Some of the largest gold-mining operations in the world are active in this state, many of which are clustered in the vicinity of Elko County. If Nevada were a country it would be ranked among the top gold-producing nations.

However, Nevada is officially nicknamed the Silver State. This reputation for silver production was established more than 100 years ago based on the enormous silver resources of the Comstock mining district. Many historic mining districts are now gaining renewed attention as exploration prospects, encouraged by frequent surges in the value of gold and silver.

It is hard to find a more favourable jurisdiction in which to set up camp and begin exploration. Nevada is also a hub for service contractors that enable work to proceed efficiently. Infrastructure support is exceptional with year-round access to even the most remote projects. The potential for a junior to advance a project through to mine development is often a much easier objective in Nevada.

When the opportunity to acquire a historic Nevada silver mining project was presented last year, **Masivo Silver Corp.** (MASS-TSX/VEN, \$0.06) recognized the potential. The company secured



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an option deal to earn 100 per cent ownership of a property package featuring the past-producing Boston Silver mine. Located within Elko County, this historic mining operation was founded in 1910 to access a shallow, high-grade polymetallic deposit. Operations at the Boston Mine eventually halted in the 1940s due to the Second World War and never resumed thereafter.

Perhaps the most appealing aspect to this project is the exceptional grades reported in historic resource zones. Narrow veins grading up to 2,880 grams of silver per tonne of ore (g/t) plus enriched gold and copper were encountered within the Boston mine. Only minimal underground access was completed during the active mining phase.

A central mine shaft extends down to about 60 metres below surface with two developed levels into the resource zones. Productive resource elevations in this district often extend to much greater depths so the potential for attractive discovery using modern exploration technology is extremely promising.

The property is under-explored and limited historical data is available. However RC (reverse circulation) drilling yielded a section spanning more than 22 metres with an average of 1.55 g/t of gold, 29.8 g/t of silver and 0.98 per cent copper. Recent channel samples within this target area in-

cluded 35.5 g/t gold, 37.3 g/t silver and 1.44 per cent copper across an interval of nearly two metres.

The nearby Montgomery prospect is another area of similar mineralization within the property boundary that has never been properly explored. Channels samples extracted from this area included an interval of nearly one metre bearing 29.5 g/t gold and 169 g/t silver and another of roughly three metres with an average of 3.3 g/t gold, 89.8 g/t silver plus 3.1 per cent copper. Visible gold was observed in some samples collected from surface outcrops. This section may evolve into a separate deposit area or as part of a larger system of disseminated mineralization extending well beyond the original high-grade veins previously mined.

The terms to acquire the project are certainly favourable. Masivo agreed to pay a total of \$450,000 in cash plus 8 million shares, structured over a term of four years. The decision by the vendor to accept such a large portion of the transaction value in share capital is an indication of the confidence that a successful exploration program may build the market value for Masivo. The deal enables the company to commence aggressive exploration with the potential to achieve notable new resource zones without the burden of a large cash payment on the back end. Call it a win-win transaction.

Masivo is now advancing the first comprehensive exploration

program in nearly a century at the Boston mine property. With all required permitting in hand, drill pads are being constructed to enable 10 shallow drill holes to be completed for about 1,200 metres of total drilling. High-priority targets have been selected based on proximity to historic resource zones and recent geophysical surveying data. Ideally, the drill will remain at the property until assay results are confirmed and perhaps a second round of drilling may commence to immediately follow up on any noteworthy intervals achieved in the first batch of drill holes.

Exploration prospects of this quality rarely become available in such a high-profile mining district. The opportunity to achieve a new discovery at the Boston mine property is exceptional. It is immensely attractive that almost no modern exploration has focused on this project given the shallow depths of the previous mine workings. A much larger polymetallic resource may have been overlooked. If Masivo is able to present at least a few drill core intervals with grades similar to the historic resource zones during this first round of exploration, it could provide the catalyst for a very nice speculative move for this stock.

The current market cap for Masivo, in the range of \$6 million, would be considered low for the stand-alone value proposition of the Boston mine project. However the company also controls several

high-quality exploration prospects in Mexico, located within prolific mining districts and in proximity to significant established mines.

Masivo also owns a modern mill and recovery plant in Mexico that was recently refurbished to enable toll milling for other mines in the region. This could provide a bonus revenue stream for the company as exploration commences at the wholly-owned projects. The mill could also

build the foundation to enable Masivo to rapidly advance through to production under the right circumstances if a discovery is achieved. While the company is rightly focused on the flagship project in Nevada, consider the Mexico assets as added value that builds further appeal to the story.

After a dreadful summer for the entire sector, peer companies in the junior mining space are trending near 52-week lows and

bargains abound. For example, **Summa Silver Corp.** (SSVR-TSX/VEN, \$0.60) is advancing exploration at its flagship historic Hughes silver mine project in Nevada. With a market cap of \$55 million, this one is valued at less than a third of the highs it traded at just two years ago. However it is still roughly 10 times the current market cap of Masivo.

At the troughs of a steep correction is often the optimum

time to establish a position in the most attractive junior explorers. Suffice to state there is an opportunity in the market today. Masivo is an attractive value buy right now. That is very likely to be resolved to the upside if Masivo is able to present high-grade results in the weeks ahead.

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