

Silver Spruce Resources

Metals & mining

25 October 2021

Big ambitions

In a frenetic seven months, Silver Spruce has 1) started and completed Phase 1 drilling at El Mezquite, 2) signed exploration agreements with two First Nations at Melchett Lake, 3) completed LiDAR surveys and ASTER and LANDSAT 8 hyperspectral and image analysis over all of its properties in Sonora, 4) discovered and extended a new, high-grade (eg 9.65g/t Au) exploration target at Jackie, and 5) completed due diligence and acquired options to acquire a 100% interest in the 8,750ha Mystery, Till and Marilyn properties in central Newfoundland. Corporately, it has named a new chairman after the passing of Dr Brian Penney and closed a C\$1.2m private placement (at a price of 5c per unit) ahead of the traditional Q4 flow-through financing season. Exploration active at Melchett and Mystery.

Regional-scale Newfoundland opportunity

Newfoundland boasts deep-seated structures over hundreds of kilometres that are key to the formation of multi-million ounce orogenic gold deposits and locally indicative of the upper zones of epithermal systems. Gold mineralisation has been identified on the properties (with historical grades up to 12.5g/t) and multiple other targets point towards them. Results from verification samples are pending and airborne geophysics and gold grain till sampling are commencing this month.

Melchett Lake exploration commences

The key to developing Melchett Lake will be defining the vectors to the core of the deposit. Now that it has successfully secured the necessary First Nations agreements, given its strike length, management regards this as one of Silver Spruce's most significant opportunities and has thus already commenced an airborne geophysics survey. Permitting is pending for ground truthing targets.

Sonora (Mezquite and Jackie) shows its potential

Gold grades up to 1.435g/t at Mezquite are consistent with Silver Spruce's expectations, given the low-grade, heap leach opportunity being targeted. Although it has not yet hit a mine-sized target, work is ongoing. In the meantime, assays at Jackie have exceeded those at Mezquite. Silver Spruce's strategy there is to identify its target (perhaps with as few as four to six drill holes) and then to expand and extend the structure based on the results of earlier geochemistry surveys.

New board chairman: Kevin Thieneman

Mr Thieneman was formerly the president of Caterpillar Inc Forest Products and is currently the chairman of LiuGong North America and vice president of Guangxi LiuGong Machinery. He brings a wealth of experience and contacts to his position.

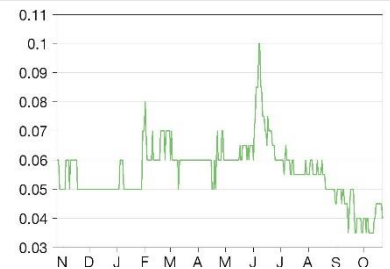
Historical financials

Year end	Revenue (C\$m)	PBT (C\$m)	EPS (C\$)	DPS (C\$)	P/E (x)	Yield (%)
10/19	0.0	(0.93)	(0.01)	N/A	N/A	N/A
10/20	0.0	(0.78)	(0.01)	N/A	N/A	N/A

Source: Company financial statements

Price **C\$0.04**
Market cap **C\$7m**
 C\$1.2326/US\$

Share price graph



Share details

Codes SSE, SSEBF, S6Q
 Listing TSX-V
 Shares in issue 186.0m

Business description

As well as exploring for silver at Pino de Plata in Mexico, Silver Spruce has acquired options to buy 100% of the Melchett Lake Zn-Au-Ag project in Ontario, 50% of El Mezquite and up to 50% of the early-stage Jackie Au and Diamante Au-Ag projects in Sonora, Mexico. Finally, it is seeking partners to develop its Pope's Hill rare earth project in Labrador.

Bull

- Management team highly experienced in exploration and project development.
- Post-financing cash position of c C\$1.8m sufficient to meet requirements until mid-2022.
- Newfoundland in the early stages of a gold rush.

Bear

- Cash burn rate c C\$180k per month.
- Potential dilution of management resources and finances, given focus on multiple projects.
- Access to the Pino de Plata project still pending.

Analyst

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