

Resource Maven presents

SILVER Stock Investor

With Peter Krauth



Two Outstanding Silver Flagships

Peter Krauth wrote the following article about Viscount Mining Corp. in the September 2022 Issue of Silver Stock Investor. It has been amended slightly.

Viscount Mining (TSXV:VML; OTCQX:VLMGF) is my latest addition to the Silver Stock Portfolio. Viscount has been in my sights for awhile, and I think the time is ripe to buy. With not one but two outstanding properties, great people and a great JV partner, I think there's some really big upside potential ahead. It's true that precious metals are in a weak period, to put it lightly. But things can turn around in a flash, so I want to be ready. And with the outsized upside potential I see at Viscount, I'm willing to start buying.

Viscount's projects are both located in the U.S., one in Nevada and the other in Colorado – both great places to operate. But let's start with the people. Jim MacKenzie is founder, president, CEO and director. He has been involved in several JV agreements, land acquisitions and exploration contracts, as well as a history of raising equity and capital. Dr. Grant Devine is Chair, and is former Premier of Saskatchewan, having presided over the privatization of Potash Corp and Cameco, and served on the board of Agrium for 10 years. Kaare Foy is a senior advisor, with deep experience in mining in Canada, Australia and the UK. Mark Abrams is technical advisor and director, with 30+ years in mineral exploration, and initiated and advanced project evaluations and acquisitions in Canada, the US, Chile, Indonesia and more. Harald Hoegberg is independent advisor and qualified person, with 40+ years globally as a geologist and consultant, with clients such as Placer Dome, Teck, and others.

Let's look at the two outstanding projects, as well as their current state of advancement.

Cherry Creek, in Nevada, USA, was optioned by **Centerra Gold (TSX:CG; NYSE:CGAU)** in January 2021. It's an exploration earn-in for up to 70% by spending \$8M over 4 years. So Viscount's interest will be fully carried by Centerra as the earn-in progresses. Centerra is a big kid on the block, with a market cap near \$1.3B, operating in multiple jurisdictions worldwide, including Nevada. Cherry Creek has intrusive-related silver, gold and tungsten mineralization over a wide area. Mineralizations vary and include CRD, minor skarn, quartz vein / quartz breccia, and more. It may include Carlin-like mineralization in limestone and deeper gold, copper and molybdenum porphyry. It's made up of 578 unpatented and 17 patented claims. It's in a 100-year historic mining district with booms in silver, gold and tungsten as recently as the late 1960s. There were more than 20 past-producing mines on the property. Snowdon Mining Consultants pointed to structural, mineralogical and stratigraphic parallels with the sediment-hosted deposit Newmont is mining at Long Canyon. There's even the idea proposed that

Newmont has the “arms and legs” of this deposit, and that Cherry Creek has the “heart and body”. Of course, that’s a big statement, and only time and drilling will tell.

And in 2019, geology PhD candidate David Freedman completed a thesis on the Cherry Creek District under the direction of Dr. Ressel, who was previous a chief geo. for Newmont North America and Associate Professor Geology at University of Nevada Reno. According to the thesis, Cherry Creek may host a large, long-lived hydrothermal system, and mineralization of nearly 8 sq. km of favorable structures.

Last year claims were expanded by 2,250 hectares, and geologic mapping, IP, airborne and ground mag surveys were completed. Cherry Creek has now become a district play rather than an individual target. This year there’s a 15-hole drilling campaign for up to 4,250 meters. So far 11 of these 15 holes have been completed with results expected by mid-September. Drilling in this first phase started on the Star Vein (previous producer), which was the most exploited, and with an estimated average of 7.1 g/t gold and 564 g/t silver. At the Star and Ti-Cup areas, soil and rock samples have run astoundingly high, up to 8,700 g/t silver and 61.4 g/t gold. Despite there being numerous high grade samples, experience has taught me to trust the drill bit more than soil, grab and chip samples. There are three important past producing mines here: Ti-Cup, New Century / Exchequer and Star. Viscount has staked all the prospective ground between and adjacent these old mines and prospects, and it’s the first time all this ground has been consolidated in one company.

The **Star** vein system is made up of the South Star Vein and the North Star Vein about 9m apart. Both produced historically, with the South Star Vein producing more, ranging from 0.3m to 2.1m, an average gold grade of 7.8 g/t and average silver grade of 622 g/t, with 8% lead and 8% zinc. Some especially rich shoots averaged an outstanding bonanza grade of 24,880 g/t silver. The vein system has been traced over 670m and over 260m at depth. A nearly century-old report by F.C. Schrader from 1931 estimated the Star mine could host another 4M silver ounces and 500,000 gold ounces, and 35M lbs. lead and zinc. These are of course historical and non-compliant, but interesting for an idea of potential magnitude.

Ti-Cup was a major silver producer, noted for its bonanza grade ore. Average grades in 1874 were 420-470 *ounces* per ton, with the highest shipment reporting a mind boggling 4,200 oz. (yes, ounces!) per ton. Again, these are historical and not 43-101 compliant. The Ti-Cup vein has been traced for 3.5 miles and to a depth of 1,100 ft.

New Century/Exchequer – Rattlesnake boasts a strike length of the mineralized zone of about 2,100m and covers about 285 hectares. Here too, rock and soil samples have returned some very high grades. I’m cautious again because these are not drill results, but they are still indicative of what may lie beneath.

2015 and 2018 drilling produced the following results, which no doubt attracted Centerra.

Select 2015 Drilling Program Results				
Drill Hole	Interval (m)	Ag (g/t)	Maximum Ag Assay (g/t)	Ag (g*m)
CC001	9	53	99	479
CC002	28	52	167	1,430
CC004	3	15	17	46
CC005	5	9	11	43
CC006	12	118	506	1,435
CC007	6	20	57	119
CC008	101	7	64	744
CC009	8	56	117	424
CC010	15	54	133	824
CC011	31	50	247	1,525
2018 Drilling Program Results				
Drill Hole	Interval (m)	Ag (g/t)	Au (g/t)	Ag Eq (g/t)
CC045	125	25	1.6	144
CC046	174	320	1.7	446

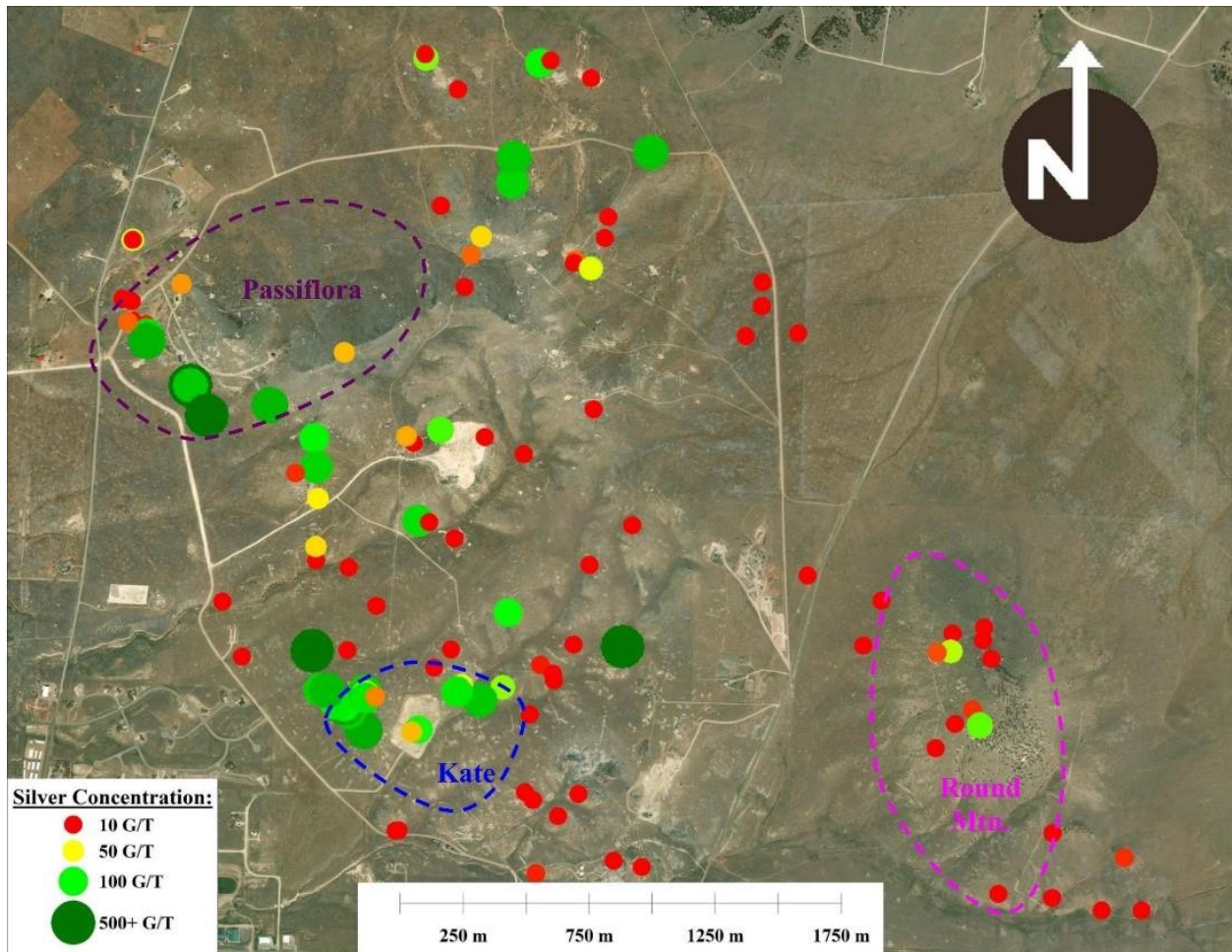
Source: company reports

Next up is the Silver Cliff project, located in Colorado.

Silver Cliff is located in the historic Hardscrabble Silver District, Colorado. It's 96 lode claims, 944 hectares, and high grade silver, gold and base metals were produced from a number of mines between 1878 and 1894. It can be accessed year round by paved road. Major exploration took place by Freeport, Hecla, Homestake, Moly Corp., Coca Mines and Tenneco between 1967 and 1984.

Work to date suggests Silver Cliff overlies a large caldera and porphyry, meaning decent odds it could host not just one, but several deposits of precious and base metals. In fact, the mineralogy, tonnage and grade from historical underground mining (late 1800s to early 1900s) suggests this.

The primary deposit is **Kate**, which hosts an historical (non-compliant) resource of about 50M silver ounces (by Tenneco, 1990). In addition, the **Passiflora** deposit hosts a historical (non-compliant) estimated resource of 64M silver ounces at 51.9 g/t (Coca Resources, early 1980s).



Source: company reports

A more recent NI 43-101 compliant Viscount resource from 2018 confirms 5.6M oz. silver at 84 g/t Indicated, and 7.1M oz. silver at 70 g/t Inferred. Drilling in 2016 to 2017 was over 1,370m across 18 holes, with some bonanza grades up to 1,768 g/t silver over 6.1m at the Kate deposit. Then in the fall of 2020, 700m were drilled over 10 holes, also with some bonanza grades up to 1,259 g/t silver over 7.6m. Last year, another 1500m were drilled returning silver up to 147 g/t over 18.6m, 5.4 g/t over 24.4m and 75.61 g/t over 7.6m.

But here's what's so exciting about Silver Cliff. Even if the historic resource is just that, historic, and the grades are medium around 75 g/t on average, the key is that Kate alone could be (in my view) +50M ounces, near surface, and would likely be mined as an open pit. That suggests it could require a low capex as well as manage a low mining cost per ounce. What's more, based on drilling at Kate over the last few years, the grades have been considerably higher than the 2018 compliant resource. So there's great potential upside from a much larger resource and higher average grades.

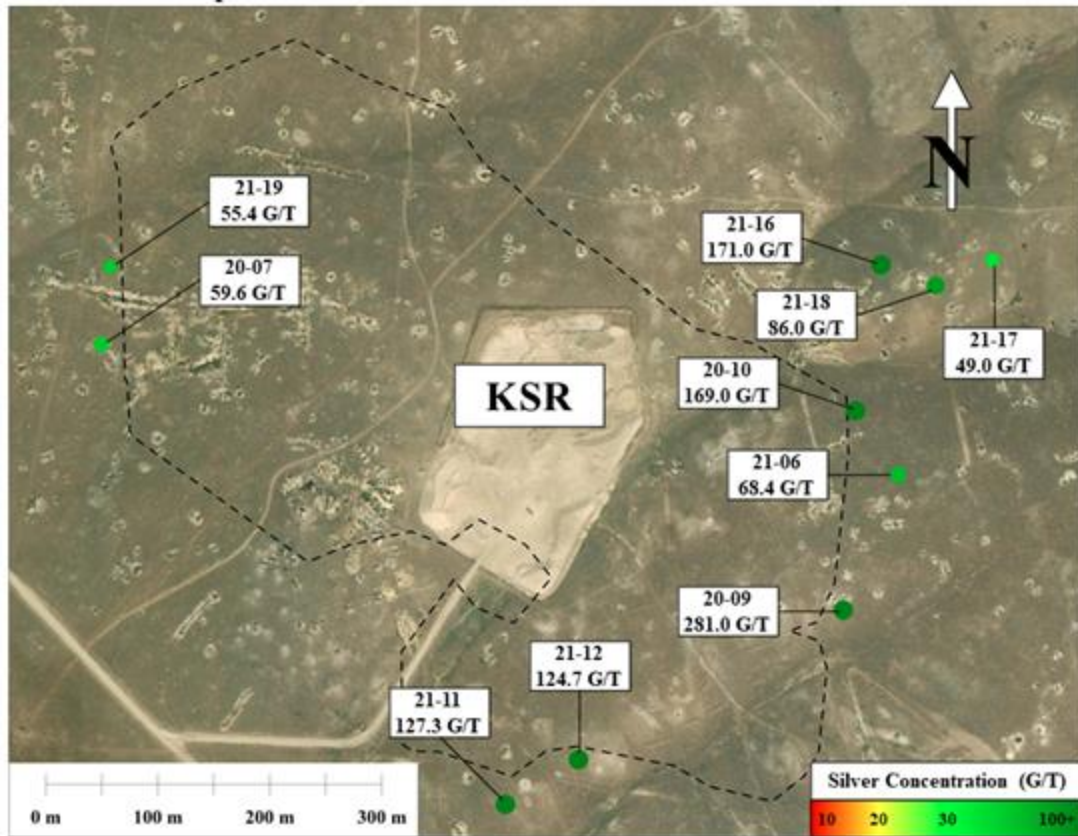
SUMMARY OF VISCOUNT'S DRILLING IN KATE EAST

HOLE ID	FROM (M)	TO (M)	INTERVAL (M)	ASSAY (G/T)	INCLUDING
K16-1	18.3	32.0	13.7	924.9	6.1 M @ 1769.5 G/T
K16-3	17.3	34.1	16.8	141.5	
K16-4	15.6	36.9	21.3	179.1	7.6 M @ 380.2 G/T
K16-5	19.8	33.5	13.7	388.6	6.1 M @ 757.3 G/T
K16-6	29.0	36.6	7.6	47.3	
K16-7	23.5	38.7	15.2	153.2	7.6 M @ 252.8 G/T
K16-8	32.0	52.7	20.7	230.6	6.1 M @ 542.3 G/T
K16-9	25.9	41.1	15.2	136.6	
DDH20-01	19.5	41.1	21.6	100.6	
DDH20-02	15.5	25.6	10.1	63.9	
DDH20-03	15.1	30.0	14.9	702.7	7.6 M @ 1259.1 G/T
DDH20-04	15.6	30.8	15.2	105.1	

Source: company reports

Step out holes in 2020 and 2021, outside the Kate Silver Resource (KSR) boundary, mainly to the northeast and south, produced results not only above cut off grades but over respectable intervals up to 6m and many over 120 g/t silver.

Expansion Drill Holes: Maximum Silver Concentration



Kate Step Out Drill Holes				
Hole ID	Interval	From (m)	To (m)	Including
20-07	20.1m at 50.2 G/T	0.0	20.1	5.2m at 59.6 G/T
20-09	6.1m at 88.6 G/T	45.7	51.8	1.5m at 281.0 G/T
20-10	19.5m at 55.0 G/T	0.0	19.5	1.6m at 169 G/T
21-06	9.1m at 33.2 G/T	19.8	28.9	1.5m at 68.4 G/T
21-11	6.1m at 53.8 G/T	26.8	32.9	1.5m at 127.3 G/T
21-12	13.3m at 46.2 G/T	21.0	34.3	1.5m at 124.7 G/T
21-16	8.5m at 162.1 G/T	0.0	8.5	6.1m at 171.0 G/T
21-17	7.6m at 28.7 G/T	9.5	17.1	1.5m at 49.0 G/T
21-18	4.6m at 55.3 G/T	9.4	14.0	1.5m at 86.0 G/T
21-19	10.7m at 36.1 G/T	6.4	17.1	1.8m at 55.4 G/T

Source: company reports

These results will help expand the resource nearly 200m to the northeast, and continue to suggest the potential for open pit mining with mineralization just below surface.

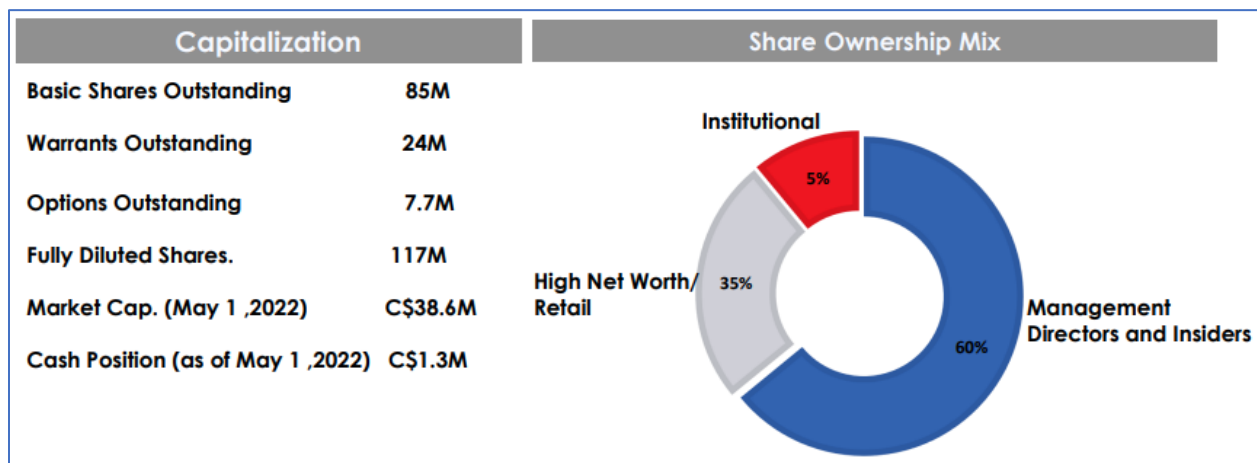
Located north northwest of Kate is the **Passiflora Deposit**. Drilling from November 2020 generated a 1.5m interval with 84.5 g/t silver and 0.4 g/t gold. In April 2021, three more holes provided more encouraging results, with one generating a 1.8m interval of 142.3 g/t silver in the southwest area of Passiflora. In September 2021, hole 21-25, starting at 68.9m encountered

40.1m of 43.2 g/t silver. Alteration and metal concentrations encountered throughout the drilled lengths strongly suggest the potential for this to be a porphyry at depth. Newmont's Cripple Creek Mine, which is very profitable, is located about 70km north northeast. Passiflora is a much deeper target than Kate.

Right now, drilling is in progress at Cherry Creek. They are drilling the eleventh of fifteen planned holes. We can look forward to first results around mid September. As for Passiflora, new drilling will start on this project in late September early October. So it's looking like there will be plenty of newsflow from Viscount this fall and into year's end.

As for capital structure, it's reasonably tight for an exploration junior, as you can see below. Current cash is closer to \$1M, and with Cherry Creek carried by Centerra, I don't expect any need to raise funds near term.

CAPITAL STRUCTURE



Source: company reports

Between Cherry Creek in Nevada and Silver Cliff in Colorado, Viscount boasts two outstanding, high potential, company-making projects. And by the looks of it, odds are they are both primed to deliver. From current levels, I think Viscount could well return 50% - 100% within 12 months.

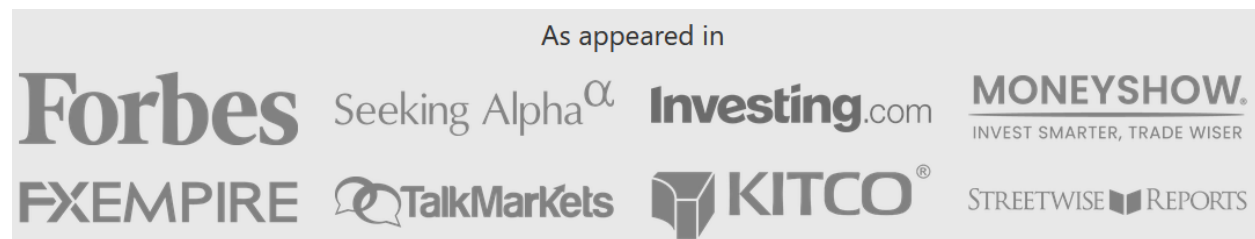
Here's what will help Viscount get there:

- Two high-potential high-grade silver projects
- Great jurisdictions, in great neighborhoods
- Strong leverage to silver prices
- Cherry Creek boasts big partner, Centerra with deep pockets and a big commitment of \$8M
- Cherry Creek fully carried by Centerra
- About 60% of shares owned by insiders and management, a very high percentage suggesting close alignment with shareholders
- Current cash about \$1M, unlikely to need to raise funds for some time.

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*Peter Krauth is the editor of **Silver Stock Investor** (www.silverstockinvestor.com). 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. Krauth uses his extensive industry network to uncover outstanding opportunities, and is a regular presenter and moderator at investment conferences such as 121 Mining and the Metals Investor Forum.*

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