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QUEBEC HEAVY METAL

Saville breaks into Mallard prospect

Early last year, Saville Resources Inc. (SRE-TSX/VEN, \$0.035) announced an option deal with Commerce Resources Corp. (CCE-TSX/VEN, \$0.08) to earn a majority inter-



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est in a Quebec exploration prospect. The block of holdings came to be known as the Niobium Claims Group Property (NCGP) in reference to the high-grade niobium there, along with significant levels of tantalum, which had been encountered by Commerce through prior drilling work.

Saville looked to follow up on some extremely attractive targets from positive fieldwork results including encouraging assay results from a sampling program, plus historic work activity. There were certainly preliminary indications that a successful discovery of new zones was a legitimate possibility. Several very high-grade samples increased the appeal of the project.

Since then, a drill program commenced early this year targeting the Mallard prospect zone, to confirm the presence of a near-surface system of alteration bearing niobium and tantalum. Assay results for four drill holes were reported in June, which not only confirmed the ex-

ploration model, but also delivered several intervals of high-grade niobium that suggest promising economic potential for a deposit. The assays reported from the very first drill hole in fact encountered higher grades than Commerce Resources' breakthrough discovery in 2010, which established the project.

All of the tested areas produced appealing grades of niobium oxide, including the widest mineralized interval from the property so far which encountered 0.79 per cent niobium oxide (Nb₂O₅) across more than 37 metres of drill core. A mineralized zone of similar grade and width was also reported from the same drill hole. Several sections from this round of drilling surpassed one per cent Nb₂O₅ in fact, including a high grade section of 1.36 per cent spanning more than four metres.

Tantalum oxide (Ta₂O₅) was also encountered in each of the drill holes, contributing further economic potential for the zone. One other bonus was the presence of phosphates within the mineralization, including many intervals at grades between six per cent and 10 per cent phosphorus oxide (P₂O₅).

For reference, there are stan-

dalone phosphate mines operating profitably with similar grades, so this represents a potential byproduct commodity.

Combined with the historic drilling results demonstrated by Commerce at this target, plus the current work by Saville, a compelling discovery area has now been established at Mallard, with just 3,500 metres of total drilling completed so far. This work encountered high-grade mineralization starting near surface, within multiple layers of carbonatite host rock. Carbonatite intrusions tend to be extremely large, suggesting a much-larger potential deposit area may be awaiting discovery.

Similar to the Ashram deposit outlined by Commerce Resources nearby, carbonatites are considered to be the ideal geological setting for this type of deposit, typically yielding favourable metallurgical performance from conventional processing and enabling the most efficient recovery of the resources. The promise of a broad-based deposit, with high grades and situated in close proximity to the surface, represents a prospect for open-pit mining that is appealing for development as a much cheaper option.

Not to get too far in front of our skis, the Mallard prospect is a long way from becoming a devel-

opment candidate. However, Saville could not have expected a better start to its resource discovery program. The geological model has now been thoroughly validated with these drilling results. And, given the much larger area further along strike from this system than the geophysical surveying indicated plus the robust intervals of alteration reported, it is indeed likely the system extends well beyond the range of these first few drill holes.

It is clear that Saville is off and running with a legitimate discovery at Mallard, and several other untested targets in proximity await. More drilling work is planned to gain a better grasp of the system and perhaps outline more attractive discovery zones, followed by a resource estimate for the deposit. Since the project is located in Nunivak, the exploration activity qualifies for the highest percentage under Quebec's provincial incentive to reimburse companies for a portion of their expenditures.

For joint-venture partner Commerce Resources, the results are a windfall. Commerce receives \$5 million in work commitments and retains a minority interest plus a royalty. However, if the discovery process continues to a successful conclusion with a suitable development candidate outlined

in the project area, it would build further critical mass for a much-larger development scenario, including the Ashram rare earth elements deposit. Much of the infrastructure and processing plant necessary for one project could be shared (at a lower net capital cost) between two such deposits.

Commerce Resources recently received a letter of intent from two Inuit corporations in the area, demonstrating support for ongoing exploration activity. The prospect of at least one mine development would bestow high-income employment and other

economic benefits to the region. Already, many people from the surrounding communities have been hired to work during the exploration programs, shoring up local support.

Saville controls two other properties. One is already on option with another company that is paying Saville cash instalments as part of its earn-in commitments. The other project, the Bud property in British Columbia, is a copper-gold prospect located in the midst of a very high-profile discovery area. Several other active explorers have reported

promising results nearby. Saville will aspire to build further value for shareholders.

I would suggest the market has not been fair to Saville shareholders following the very successful maiden drilling program at the NCGP. However, the project is certainly more attractive today than it was when the deal was done, and the overall risk level is far lower. Therefore, Saville is a much greater value prospect worthy of accumulation in this current price range.

If the company indeed presents compelling results in the

next program, a more appropriate valuation for this emerging discovery will likely be discounted.

Niobium and tantalum are critical elements for many industrial and technological components. There is currently only one other producing niobium mine in all of Quebec. When a more advanced deposit is outlined with a resource report, this project will move up the value curve.

Mike Kachanovsky is a freelance writer who specializes in junior mining stocks and also covers technology companies.