Maple Gold Set to Soar

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Maple Gold Mines Ltd. **(TSXV: MGM | OTCQB: MGMLF)** is an exploration junior in southwest Quebec:

I've followed this company for about five years, including two trips to site, pre-Covid. And now I can report that the story has not merely "gotten better," to coin a phrase, but is on the verge of a strong breakout.

Maple holds a large and – as I'll discuss in a moment – impressive land package. Currently, Maple has two projects under exploration, both in well-known gold-bearing formations north of Val d'Or.

When I first looked at Maple, it held a large land package around a site called Douay, in the heart of the west-east trending Casa Berardi fault zone, a prolific gold producer. Then about a year ago it added an adjacent project to its book, called Joutel, a past gold producer.

Also, when I first encountered Maple a few years ago, the problem was one that's common to many small companies with limited treasury. It held more geology than it could afford to explore.

The good news is that Douay holds great promise. Other companies in the past have mapped the area, performed different levels of geophysics, drilled exploration holes and even sunk shafts into bedrock. So, this is not *terra incognita* by any means.

In fact, based on the geology to date, one useful analogy to Douay's gold-bearing rocks is a mine to the south called Canadian Malartic, presently Canada's largest gold mine. Another analogy is also a legendary name in mining, called Detour Lake.

Still, for all the blue sky promise of Douay there's nothing geologically easy about figuring it out. First, the Douay region is post-glacial, meaning mostly flat and boggy courtesy of several episodes of glaciation that ground down the surface over Pleistocene Time. Today we're left with vast vistas of unconsolidated, till holding, lakes and supporting and scrub vegetation which hides everything underneath.

On the upbeat side, this flatland surface expression masks relatively shallow bedrock with quite a bit of evident structure, meaning faults and associated fractures. Another way to say it is that there are precious few surface outcrops of real bedrock, but it's also not a long reach to drill through the muck and into the hard rock targets down below, to obtain real data.

In this kind of environment, surface mapping isn't all that helpful. Serious exploration must work from geophysics to identify possible targets. Meanwhile, the wetland nature of the area lends itself to winter drilling when it's easier to service rigs via ice roads.

In my last visit to Douay in mid-2019, the exploration team had worked up solid geophysical models and drilled a series of targeted holes. This led to a creditable subsurface model supported by downhole data.

Meanwhile, back then, Maple management was shopping around for a partnership with a larger player to fund the next phase of effort.

But then in early 2020 came Covid. Across the exploration industry, wise heads counseled to throttle back and preserve the treasury. Nobody knew what might happen, of course. The safe bet was to hunker down.

Except that's not what Maple management did. In the first few months of 2020 they maintained their winter drill program until forced to shut down by Canadian federal and Quebec provincial authorities. (And this drilling effort resulted in zero Covid cases by the way.)

When results came in, Maple released news of significant gold mineralization in terms of large-scale and bulk tonnage, coupled with several promising higher-grade zones. Maple's geological model showed long stretches of west-east strike length mineralization, much of it wide open to depth. There's always that "lucky" hole, right?

To make a long story short, by late 2020 Maple began working with **Agnico Eagle Mines Limited** (NYSE: AEM | TSX: AEM). Agnico put $6.2 million (CDN) into the company for a 19.9% stake and cooperated at the technical level to analyze results. Then in early 2021 Maple announced a joint venture that folded-in Agnico's adjacent, past-producing Joutel gold property.

In essence, the combined Douay-Joutel area has geologic potential to become a significant mining camp in its own right.

Over the course of 2021 Maple staff reinterpreted over 250,000 meters of historical drilling and mining data from the Douay-Joutel properties, revised the overall subsurface model and fitted the new layers of data into known geophysics.

Also based on 2021 efforts, Maple announced numerous drill hits into additional gold-bearing bodies, plus additional drilling that indicates possible connectivity between target zones. Plus, there are indications of "feeder" zones at depth which offer significant, high-grade gold upside to the overall project. Then to add to the luster, there may even be a copper-bearing porphyry connected to the entire system.

Which brings us to the present. To support ongoing efforts, Agnico has committed to spend $18 million (CDN) over four years. This kind of bank permits numerous, ambitious holes in terms of spacing for resource definition, as well as depth to find those feeder zones and porphyry rocks.

All this while Maple has raised funds along the way. The company holds about $24 million (CDN) on tap and is set up for another drilling season in 2022.

Maple's last resource estimate was in 2019, with 422,000 ounces of gold equivalent indicated, and 2.35 million ounces equivalent inferred.

But Maple is about to announce – any week now – a revised resource estimate that will, one would think, be significantly larger based on drilling and other new modeling over the larger land package.

Management's goal here is to take the current, not-quite 3 million ounces of gold and move that needle upwards in significant steps towards the 5-million-ounce level, if not higher.

With all these developments, there's clear, near-term upside for Maple Gold. The company's current market cap is in the $90 million range (USD), and just the upcoming resource update alone should serve to move that number. Meanwhile, there's ongoing progress in the field, with continuous news flow from past and current drilling.

Note that in a generally "down" gold market over the past year or so (pre-Ukraine War to be sure), Maple managed to hold up and even move higher. And now you know why, and also why there's more room for a higher share price as 2022 unfolds.

That’s all for now… Thank you for reading.

Byron W. King

Byron King’s Angle to the Tax Loss Selling Season Blues

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“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness.”

Apologies to the ghost of Charles Dickens for borrowing the first line from his 1859 historical novel, *A Tale of Two Cities*. It’s about the French Revolution, but that same sentiment pertains to our current era, and certainly how stock markets reflect (or mis-reflect) the economy.

Dickens highlighted political and social contrasts and contradictions. Sophisticated London versus revolutionary Paris. Plus, how science and reason were gaining traction across the world, while in another human dimension passion and bloody craziness were the rule.

Dickens and his *Two Cities* cross my mind every year around this time, in late November and the first couple of weeks of December. Predictable as phases of the moon, there’s always an annual market sell-down known as “tax loss selling season.”

We definitely see this phenomenon in mining shares, and if you’ve been around for even a short while you know the drill.

Towards the end of the year many investors, funds, etc. sell mining shares that have done well, to book gains in the winners. Then they sell shares in different companies to book losses. The idea is to rebalance portfolios, take money off the table and absorb losses as a tax shelter.

You want contrasts and contradictions? The best of times and worst of times? Voila!

On the one hand, a long list of wonderful companies bleeds red on the screen, based on share price declines. Ugh, you think. What a takedown.

Yet if you follow many of these declining plays, the back-stories have never been better. Great assets, experienced and savvy technical teams, strong management, money in the bank. Yet people are hitting the sell-button and share prices are sliding.

Well, there's another way to look at it too. If you follow the right kinds of companies and know the stories – assets, capabilities, management – you can find bargain basement plays.

The idea is to shop now and pick up discounted shares. Then ride the gains that typically come with the new year, aka the "January effect."

For example, look at a large, well-run company like **Agnico Eagle Mines Limited** (NYSE: AEM | TSX: AEM), with a market cap of $11.8 billion. It's a solid gold mining play for any long-term investor. The company has no serious problems in any news.

Yet in just the past month the Agnico share price has slipped from over $57 to the $47 range. That's definitely not reflective of the company, its assets or people. It's just sellers taking money off the table towards the end of 2021. Yet by about March 2022 that $10 down-move will more than likely be fully restored and then some.

Agnico is a buy just now.

Or look at a much smaller company like **Group Ten Metals Inc.** (TSX.V: PGE | OTCQB: PGEZF), an early-stage explorer with a market cap of a mere $45 million. It controls a vast spread of mineral claims in the legendary Stillwater district of Montana, adjacent to mighty **Sibanye-Stillwater Ltd.** (NYSE: SBSW), with a market cap of $8.9 billion.

Group Ten has identified significant nickel, copper and platinum group metals (including rhodium), along with cobalt, chrome and gold. The company just released a very solid resource estimate, with one version summing up to over 6 million ounces of “palladium equivalent,” leading to a nice uptick in share price back in October.

Yet in the past month, Group Ten shares have drifted down by about 25%. And that’s despite the fact that almost none of the drilling results from the 2021 field season have yet been reported. The company expects to release additional mineralogical (good) news in January and February, which will likely strengthen the share price.

Another buy. W company with great assets, a strong technical and management team, money in the bank, and phenomenal location in mining-friendly Montana, smack next to a multibillion-dollar giant. And just now, in early December, the shares are on discount.

Or how about two other, underappreciated rare earth (RE, REEs, Rare Earths, Critical Material) companies, currently in similar sell-down territory, namely **Defense Metals Corp.** (TSXV: DEFN | OTCQB: DFMTF) and **Appia Rare Earths & Uranium Corp.** (CSE: API | OTCQB: APAAF).

Defense Metals is working on a large project in British Columbia involving a rock type called “carbonatite,” which in this case is filled with high grade RE mineralization. After three field seasons (2019 – 2021), Defense has a good handle on the deposit. Management just released a splendid preliminary economic analysis that shows excellent numbers in terms of tonnes/grade, value, return on investment, etc.

Yet shares are down about 25% in the past month, while the company has yet to release results from the 2021 drilling program. If you follow the RE space, here’s a bargain buy.

And Appia is working on another, very extensive RE deposit in northern Saskatchewan. It’s based on a mineral called “monazite,” in high demand across the world for rare earth minerals.

Indeed, Appia’s deposit may be among the highest-grade monazite plays anywhere, certainly in North America and competitive with the best plays elsewhere in the world. The ore body is near-surface as well, which simplifies the mining angle. And the company has an arrangement with uranium processors in Saskatchewan to deal with any issues of radionuclides in the ore.

Yet despite this setup, shares are down over 40% in recent weeks. Another bargain play, now on sale at year end.

With all the companies above, from big Agnico to much smaller Group Ten, Defense Metals and Appia Rare Earths and Uranium, we are looking at temporary, seasonal selloffs. For long-term investors, the shares are a bargain. Even for traders who are looking to buy now and sell into the new year, it’s a setup for a gain.

In other words, we have a relatively short window in early

December to buy into any number of beaten-down plays. Or to turn Charles Dickens around and take a more upbeat view of the opportunity which is right in front of you, “It is the worst of times, yet also the best of times.”

That’s all for now… Thank you for reading.