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