

Jay Currie's Motherlode: Sprott Physical Silver, Cornish Metals & Canada Carbon

Sprott Physical Silver Trust

When I first started working with junior resource companies a wise old broker told me, "Silver is the heart break metal". He wasn't wrong. In April 2011, ten years ago, silver ran up to US\$48.60 an ounce. It then fell back to \$13.80. Now the spot price looks to be taking a run at \$30. Or, as I write, is it \$20?

I am hoping \$30 and beyond, simply because I have a fair bit of exposure to junior silver stocks and when silver takes a run silver juniors tend to go parabolic. I also have a small "stack" of silver coins and bars for purely defensive reasons. (I am a tiny bit skeptical that running trillion dollar COVID recovery programs is going to do the US dollar much good.)

I also wanted a bit of exposure to the metal in a more fungible form. Something which tracked the price of silver but which could be bought and sold without having to pay the now \$8.75 per ounce premium my silver dealer charges.

The Sprott Physical Silver Trust (NYSE: PSLV) fills that bill. This is essentially an ETF which buys and stores physical silver at the Royal Canadian Mint. This is not "paper" silver, this is the real metal.

There is no "return" on the PSLV units. You don't get a dividend or other payout. The investment thesis here is that silver is ripe for what silver bugs insist on calling "an excursion" on the order of the 2011 event and maybe well over

\$50.00 an ounce. The PSLV units track the price of silver pretty exactly so a doubling in the price of silver would almost certainly trigger a doubling in the value of the units. The bingo would, of course, be a successful silver squeeze where the spot price of silver is driven upwards by demand for physical silver. There is a decent chance that squeeze could come in the relatively near term.

But did I mention “heartbreak”?

Cornish Metals Inc.

Tin. Every time you use something electronic – phone, computer, electric vehicle, television set – you are using a little bit of tin because the solder used to attach the electronics to the circuit boards has a very high tin content. That makes tin an interesting industrial metal.

What caught my eye was the fact that tin is in short supply. This article on tin supply in Forbes Magazine goes into detail but the take away is that there is a real scarcity of tin for delivery and it is not getting much better any time soon.

Most of the world’s tin is produced in Asia with South American companies also contributing. New sources of tin are quite rare. Which lead me to Cornish Metals Inc. (TSXV: CUSN), a Canadian company developing tin resources in Cornwall in the United Kingdom. There is a long history of tin mining in Cornwall and Cornish holds two properties: United Downs and South Crofty. United Downs is in an area which has a long history of copper and tin mining. South Crofty is a previously mined tin project which has a 2017 43-101 resource estimate.

Along with favourable conditions in the tin market, I was intrigued with the fact that Osisko Gold Royalties Ltd. (NYSE: OR | TSX: OR) is Cornish’s largest shareholder and has bought a 1.5% royalty on the South Crofty project for \$7.17 million. Osisko does its due diligence and has a very realistic and geologically savvy team to evaluate projects.

This is a company with a path to production for a mineral which is in demand. Not likely a home run, but potential for a solid double or, maybe, triple.

Canada Carbon Inc.

R. Bruce Duncan, CEO of Canada Carbon Inc. (TSXV: CCB), died last year. He was a pal and, at Canada Carbon, he had been building an ultra high purity, low cost mining, graphite company. The Miller graphite deposit in the Province of Quebec was in the final stages of a somewhat contentious permitting process when Bruce passed.

As that permitting process ground on, Bruce had managed to bulk sample a large quantity of very pure graphite and had that graphite certified as a reference standard. What this meant, practically, is that Canada Carbon graphite was able to be sold to industrial and research labs all over the world. Canada Carbon has an agreement in place and an order from LGC Standards Company for its reference grade graphite.

Obviously, Bruce's untimely passing was a huge blow to the company and the share price took a significant hit. However, the company's CFO and Bruce's widow, Olga Nikitovic, stepped in as interim CEO. A CA and the CFO of several junior mining companies, Olga knows the ins and outs of Canada Carbon's business.

The permitting process is dragging on a bit but there is every reason to believe that Canada Carbon will, in time, receive the required permits. Meanwhile, the company has enough graphite mined and processed to meet the demand for reference grade graphite once final certification is obtained. The key aspect of the reference materials world is that the graphite is sold for dollars per gram.

Canada Carbon is a long-term story. Olga has put the ship back on course after losing Bruce. The hearings required for the next step in the permitting process will take place on March

31 and April 1. There are still some hurdles to clear but there is every chance that the ultra high purity Miller graphite will be mined before the end of 2021.

Coming out of permitting purgatory should be a significant catalyst for Canada Carbon's share price. So will delivery of the first reference material. And, of course, the commencement of mining will be a huge boost to the value of Canada Carbon. Bruce's sheer stubbornness will bring the Miller ultra pure graphite to the world even if he is not here to see it.