

Zinc prices – One of the best performers in 2016, up more than 50% from 2015 lows

☒ Note from the Publisher: This morning Hallgarten & Company initiated coverage on Nevada Zinc Corporation (TSXV: NZN) with a Long Strategy position and a 12-month target price of CAD\$1.12. To access this report titled Nevada Zinc – Riding the Wave of a Resurgent Base Metal, [click here](#)

InvestorIntel, written by Christopher Ecclestone: The Great Zinc Drought might be said to be broken, but those calling the end of this protracted dry spell going back to 2006 have been proven foolish before. However, this time around the degradation of the zinc mining space through mine closures, lack of a pipeline of new projects (or even old mines to reopen) and virtually zero exploration since 2011 means that the landscape is not only parched it is veritably scorched earth.

Zinc fell from about \$0.90 per lb in the late '80s to \$0.40 per lb in 1993, then spent the rest of the decade constricted to a range between \$0.40 and \$0.55.

After the Tech Crash in 2000, it sunk below \$0.40 per lb until 2003 when it began to regain traction. In 2004-5 it broke out above what appeared to be a multi-year \$0.50/lb resistance and within two years quadrupled. In late 2006 it broke above \$2 per lb. Now it is threatening to challenge the \$1.10 per lb “ceiling” which has held it back in recent years. A breakthrough would be a significant event.

Already though the truffle-hounds of the mining markets are off sniffing about for Zinc plays and they find little to their taste. Nevada Zinc Corporation (TSXV: NZN) though is an up and coming story which is starting to appear on the radars

and we have published a research note on the exciting developments at the company (including its Yukon gold plays) and here we shall relay the main findings.

Lone Mountain

☒ Nevada Zinc's 100% owned Lone Mountain project is located within close proximity to Eureka, Nevada with its 224 claims spread out over 20 square kilometres surrounding the historic Mountain View Zinc Mine.

The concessions that the company holds consist of territory it claimed itself, further territory optioned from Bravada Gold and a quite recent purchase of the old Mountain View Mine and surrounding ground.

Therefore the company has essentially consolidated the deposit and has accordingly expanded the territory it has drilled, most particularly in the latest season. Initial results (released a few weeks ago) showed some very healthy intercepts. The task now is some more infilling drilling to flesh all this out into a resource estimate.

The Mountain View Mine

Old geological reports indicate that the first claims were located in the area in 1920 for zinc. Production was small until 1942 when high grade zinc carbonate was discovered on the Mountain View claim. An underground mine was established with levels on the 44-foot and 82-foot levels. Production in 1942-1943 totaled 2,284 short tons grading 28.8% zinc and 4% lead. Production from 1942 to 1964 amounted to 4,952,627 lbs of zinc, 649,579 lbs of lead, 4,040 ozs of silver and 600 lbs of copper.

The mineralogy of the ore was reported to be smithsonite, zincite, hydrozincite and cerussite, malachite, and azurite. It was reported that small amounts of sulphide were present locally, principally, sphalerite, galena, chalcopyrite, and pyrite. A small drill program was reported to have been

completed in areas proximal to the MVM property which indicated the presence of additional mineralization.

In November of 2015 Nevada Zinc acquired historical data from exploration and mining work done in the past at the Mountain View mine.



Up Close & Personal With Kaminak



Closeology is all the buzz these days and it certainly helps, in the period just past when funding exploration was almost impossible for most juniors, that a well cashed up neighbour was doing significant work and what they did rebounded well onto neighbours. This is definitely the case for Nevada Zinc, which despite its name has held significant territory in the Yukon for quite a while now.

On the practical pro-active side it has commenced work on its VIP property located just west of Kaminak Gold's (now Goldcorp's) Coffee project. In mid-May 2016, Goldcorp announced that it had agreed to purchase all of the issued and outstanding shares of Kaminak Gold in a deal valued at approximately \$520mn. This deal energized the market for Yukon properties and had collateral benefits for neighbours and other Yukon explorers in general by reinforcing the attractiveness of the area to majors.

Nevada Zinc has a swathe of properties adjoining (and seemingly along trend from) the hotly sought after Coffee project and also owns an NSR on an intermediate plot currently held by Independence Gold. It also owns other prospects in parts of the Yukon that are heating up. These are either held for its own exploration or in earn-out deals. We would not be surprised to see these monetized for shareholders in a Newco type spin-out once the Nevada properties have a resource and a

bifurcation of interests starts to look the best way to reward shareholders and create two vehicles that can each monetise two hot trends in the current market i.e. Zinc plays and Yukon gold plays.

Conclusion

The dearth of realistic Zinc projects that has evolved (devolved?) over the long grim years in which companies could not raise funds to advance projects (or even do basic exploration) has created a “scorched earth” scenario in the Zinc (and Lead) sub-space of the mining sector. This has set investors off on a hunt something like an Easter Egg Hunt, where there are actually few eggs to be found. We can number on the fingers of one hand the explorers that persevered with work on Zinc projects through this grim period and one of those was Nevada Zinc, which accrued its initial position at Lone Mountain and then added to it during 2014 and 2015.

The reward for this perseverance has now come in it being one of the few projects in the US alternatives out there with a project likely to provide a flow of exploration results and developments.

In a case of it never rains but it pours, the Yukon, where the company has its back-up exploration property (as well as holding an NSR on another and with yet another farmed out) has gone from quietly bubbling to searing hot in a matter of months with the Goldcorp takeover of Kaminak Gold electrifying the area and turning the focus onto the territory that Nevada Zinc has long held on the trend.

This opens up the possibility that the company can capitalize on these in any number of ways including demerger (for us, the most desirable option) and/or sale of the Yukon assets. If things continue along in the current direction management and shareholders should be able to have their cake and eat it too.

Hallgarten & Company initiated coverage on Nevada Zinc Corporation on Tuesday, September 6th, 2016 – to access the [click here to download](#)