

## Blackrock Silver Corp. (TSXV:BRC)

# Excellent Initial Metallurgical Results from Tonopah West

## Development Update

January 7, 2022

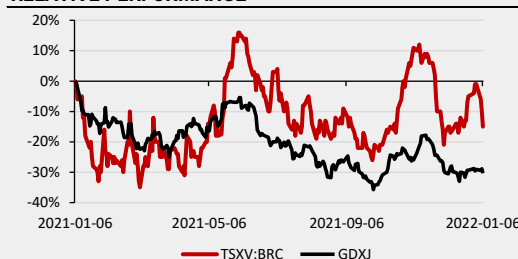
(Currency is CAD\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.85	
Rating	BUY	
Target (C\$/sh)	\$2.00	
Return to Target	135%	
52 Week Low / High (C\$/sh)	\$0.63 / \$1.22	
CAPITALIZATION		
	Basic	Diluted
Shares Outstanding (M)	152.5	203.1
Market Capitalization (C\$M)	\$129.7	
Enterprise Value (C\$M)	\$113.4	
Cash and Cash Equivalents (C\$M)	\$16.2	
Total Debt (C\$M)	\$0.0	

### STOCK CHART



### RELATIVE PERFORMANCE



NET ASSET VALUE	(C\$M)	(C\$/sh)
Tonopah West	\$327.7	\$2.15
Silver Cloud	\$10.0	\$0.07
Total Project NAV	\$337.7	\$2.21
Cash	\$16.2	\$0.11
<b>Total Corporate NAV</b>	<b>\$353.9</b>	<b>\$2.32</b>

RELATIVE VALUATION	US\$EV/oz AgEq	P/NAV
Blackrock Silver Corp.	\$1.12*	0.37x
Peers**	\$1.56	0.46x

\*EV/oz for BRC based on RCS Base Case mineral inventory estimate

\*\*S&P Capital IQ Pro

### MAJOR SHAREHOLDERS

Management (2.3%), AgaNola AG (6.93%), Eric Sprott (4.55%), Belgravia Hartford Capital Inc. (6.39%)

### DISCLOSURE CODE:

3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

### Company Description

Blackrock Silver Corp. engages in the acquisition, exploration, and development of mineral properties located in the United States. It primarily explores for gold and silver deposits. The company owns interests in the Tonopah West project located in western Nevada as well as the Silver Cloud project located in northern Nevada. Blackrock Silver Corp. was incorporated in 1999 and is headquartered in Vancouver, Canada.

### Impact: Positive

Blackrock announced positive results from initial metallurgical test work at its Tonopah West project in Nevada that demonstrate that the Ag-Au mineralization appears to be amenable to standard cyanidation processing with average recoveries of 95% Au and 87% Ag. **We believe initial testing has returned excellent recoveries for both Au and Ag that are generally in-line with or better than comparable exploration and development stage Ag-Au projects. The confirmation of high recoveries from cyanide bottle roll leach tests is an important de-risking step for the project and reinforces our view that Tonopah West is one of the best Ag projects being advanced globally.**

### Highlights:

- Major veins yield high recoveries.** Metallurgical testing returned Au recoveries ranging from 90% to 98% and Ag recoveries between 81% and 94%. Notably, the Merten vein, which is the largest vein in the DPB resource area, returned average recoveries of 96% Au and 90% Ag. In addition, the high-grade Bermuda vein yielded average recoveries of 93.5% Au and 91% Ag. According to the company, these test results compare favourably to historic recoveries achieved when Au and Ag were liberated using stamp mills.
- Results from 12 vein composites in DPB and Victor areas.** One high-grade (>300 g/t AgEq) and one low-grade (150-300 g/t AgEq) sample were assembled using coarse drill reject material for each of the six major veins, namely, Victor, Denver, Paymaster, Bermuda, Merten and Mule. The cyanide bottle roll leach tests conducted on these samples confirmed excellent recovery potential from both high-grade and low-grade composites (Figure 1).
- Further metallurgical testing planned.** These encouraging test results should support the maiden resource estimate on the DPB vein corridor, which is anticipated in Q1/22 (see our estimates [here](#)). The company intends to undertake additional metallurgical test work following the delivery of the resource estimate.
- Drilling underway at Tonopah North.** Blackrock recently commenced a maiden twelve-hole (9,000m) drill campaign at its Tonopah North project, which holds potential for a new district-scale Ag-Au discovery. The company also plans to investigate the Li potential of the Siebert formation, which hosts American Lithium's (TSXV:LI, Not Rated) nearby TLC Li deposit. We believe that the confirmation of another area of Ag-Au mineralization could potentially help re-rate the stock ([read more](#)).

### Valuation:

**We maintain our BUY rating and price target of C\$2.00.** Our target is based on 0.85x our sum-of-parts derived NAVPS estimate of C\$2.32 (unchanged). Blackrock trades at a discount to its peers with a P/NAV of 0.37x vs. peers at 0.46x. **Upcoming catalysts:** 1) Tonopah West maiden resource (Q1/22) and 2) Tonopah West and North drill results (ongoing).

**Figure 1: Metallurgical test results for Tonopah West composites**

Table 1: Bottle Roll Leach Tests for Gold in Tonopah West Composites

Description	Head Average, gms Au/MT	Calculated Head, gms Au/MT	Extracted, gms Au/MT	Avg. Tails, gms Au/MT	Au Recovery %	Consumption NaCN, kg/MT	Addition Ca(OH) <sub>2</sub> , kg/MT	Average Au Recovery %
Bermuda HG	6.429	5.862	5.627	0.235	96%	1.03	1.02	93.5%
Bermuda LG	0.994	0.938	0.854	0.084	91%	0.48	1.02	
Denver HG	4.526	4.439	4.248	0.190	96%	0.94	1.02	93.0%
Denver LG	0.823	0.884	0.796	0.087	90%	0.35	1.02	
Merten HG	7.663	7.490	7.325	0.165	98%	0.89	0.76	96.0%
Merten LG	1.183	1.096	1.029	0.067	94%	0.47	1.02	
Mule HG	7.680	7.202	7.022	0.180	98%	0.92	0.76	97.0%
Mule LG	1.457	1.349	1.294	0.055	96%	0.67	0.76	
Paymaster HG	2.349	2.397	2.323	0.074	97%	0.97	0.76	96.0%
Paymaster LG	1.200	1.159	1.097	0.062	95%	0.53	0.76	
Victor HG	3.549	3.709	3.652	0.057	98%	1.02	0.76	97.0%
Victor LG	1.226	1.184	1.135	0.049	96%	0.39	1.02	
<b>Average</b>	<b>3.256</b>	<b>3.142</b>	<b>3.034</b>	<b>0.109</b>	<b>95%</b>	<b>0.72</b>	<b>0.89</b>	<b>95%</b>
<b>Minimum</b>	<b>0.823</b>	<b>0.884</b>	<b>0.796</b>	<b>0.049</b>	<b>90%</b>	<b>0.35</b>	<b>0.76</b>	<b>93%</b>
<b>Maximum</b>	<b>7.680</b>	<b>7.490</b>	<b>7.325</b>	<b>0.235</b>	<b>98%</b>	<b>1.03</b>	<b>1.02</b>	<b>97%</b>

Table 2: Bottle Roll Leach Tests for Silver in Tonopah West Composites

Description	Head Average, gms Ag/MT	Calculated Head, gms Ag/MT	Extracted, gms Ag/MT	Avg. Tails, gms Ag/MT	Ag Recovery, %	Consumption NaCN, kg/MT	Addition Ca(OH) <sub>2</sub> , kg/MT	Average Ag Recovery, %
Bermuda HG	95.69	102.36	96.41	5.95	94%	1.03	1.02	91.0%
Bermuda LG	98.57	106.84	93.59	13.25	88%	0.48	1.02	
Denver HG	120.46	123.85	111.60	12.26	90%	0.94	1.02	89.5%
Denver LG	110.83	128.02	113.65	14.37	89%	0.35	1.02	
Merten HG	91.53	100.63	89.63	11.01	89%	0.89	0.76	90.0%
Merten LG	100.58	104.19	94.62	9.57	91%	0.47	1.02	
Mule HG	434.57	442.12	384.93	57.19	87%	0.92	0.76	84.0%
Mule LG	444.00	448.01	363.63	84.38	81%	0.67	0.76	
Paymaster HG	614.40	602.88	489.64	113.25	81%	0.97	0.76	85.0%
Paymaster LG	213.09	210.33	187.39	22.94	89%	0.53	0.76	
Victor HG	533.14	500.95	426.94	74.01	85%	1.02	0.76	83.0%
Victor LG	496.37	495.93	400.71	95.22	81%	0.39	1.02	
<b>Average</b>	<b>279.44</b>	<b>280.51</b>	<b>237.73</b>	<b>42.78</b>	<b>87%</b>	<b>0.72</b>	<b>0.89</b>	<b>87%</b>
<b>Minimum</b>	<b>91.53</b>	<b>100.63</b>	<b>89.63</b>	<b>5.95</b>	<b>81%</b>	<b>0.35</b>	<b>0.76</b>	<b>83%</b>
<b>Maximum</b>	<b>614.40</b>	<b>602.88</b>	<b>489.64</b>	<b>113.25</b>	<b>94%</b>	<b>1.03</b>	<b>1.02</b>	<b>91%</b>

Source: Company reports

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Disclosure Statement  
Updated January 6, 2022

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-08-11	NA	NA	BUY	74%
2020-09-02	NA	NA	BUY (S)	22%
2020-10-09	NA	NA	HOLD	0%
2020-10-23	NA	NA	SELL / Tender	0%
2020-11-24	NA	NA	NA	3%
2020-12-04	NA	NA	Under Review	1%
2021-01-15	NA	NA		
2021-03-08	Under Review	Under Review		
2021-03-08	Under Review	Under Review		
2021-03-19	BUY(S)	NA		
2021-05-06	BUY (S)	NA		
2021-06-21	BUY (S)	NA		
2021-07-09	BUY (S)	NA		
2021-09-02	BUY (S)	NA		
2021-09-20	BUY	2.15		
2021-10-13	BUY	2.15		
2021-12-21	BUY	2.00		

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*Excellent Initial Metallurgical Results from Tonopah West*

Company Name	Ticker Symbol	Disclosures
Blackrock Silver Corp.	TSXV:BRC	3,4

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