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Ascot gains critical mass in BC's Golden Triangle

EXPLORATION | Junior has 'impressive portfolio' of gold deposits, analyst says



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Since becoming president and CEO of **Ascot Resources** (TSXV: AOT; US-OTC: AOTVF) in October 2017, Derek White has consolidated gold properties in British Columbia's Golden Triangle with the acquisitions of IDM Mining and its Red Mountain gold-silver project, and the purchase of the Silver Coin gold-silver property from **Jayden Resources** (TSXV: JDN) and **Mountain Boy Minerals** (TSXV: MTB).

Red Mountain, 18 km east-north-east of the town of Stewart, B.C., is 50 km by road from Ascot's flagship Premier gold-silver project, while the Silver Coin deposit is 4 km from Premier's mill.

The Red Mountain and Premier projects are 23 km apart, near British Columbia's border with Alaska, and 45 km from **Pretium Resources'** (TSX: PVG; NYSE: PVG) Brucejack gold mine, and 188 km from **Imperial Metals'** (TSX: III) Red Chris copper-gold mine.

"During the past 16 months, management and I have been focused on driving towards the company's long-term sustainable value," White said on a recent conference call. "When we joined the company, Ascot's fully diluted share position was approximately 169 million shares, and we had no high-grade resources. Today, after two transactions, we have 2.8 million oz. gold, of which 50% is in the measured and indicated category.

This represents a 350% increase in ounces per share that shareholders have today."

Ascot's four deposits — Premier/Northern Lights, Big Missouri, Martha Ellen and Silver Coin — along with its latest addition, Red Mountain, lie within separate mineralized trends, with individual resource estimates. But pro forma, the mineralized material adds up to 5.55 million measured and indicated tonnes averaging 7.68 grams gold per tonne for 1.37 million oz. gold, with another 6.35 million inferred tonnes grading 7.12 grams gold for 1.45 million oz. gold.

"Ascot has amassed an impressive portfolio of proximate, high-grade deposits ready to be developed," David Stewart of GMP Securities wrote in a research note in March. "With the most recent resource estimates, Ascot has a combined ~3 million equivalent oz. gold grading 7.7 grams gold per tonne, making it the top seventh percentile worldwide in terms of grade for gold development projects, and the second highest-grade development project in Canada [greater than 1 million ounces]."

Adding White to the management team, as well as his former colleagues John Kiernan (now Ascot's chief operating officer) and Carol Li (Ascot's chief financial officer), "was the catalyst that evolved the company from exploration to development," Stewart continues.

Before joining Ascot, White served from 2012 to 2015 as president and CEO of KGHM International, where he oversaw six mining operations and four large development projects



Ascot Resources president and CEO Derek White in the company's core shack in Stewart, British Columbia. ASCOT RESOURCES

in Canada, the U.S. and Chile. He also held executive roles at Quadra FNX Mining from 2004 until 2012. Kiernan was manager of project evaluation for Quadra FNX/KGHM, while Li served eight years as corporate controller at Quadra Mining/Quadra FNX Mining, and five years at KGHM as vice-president of finance.

Ascot's Premier and Big Missouri gold-silver deposits are past-producers. The Premier underground mine opened in 1918, and was the largest gold mine in North America until its closure in 1952, producing 2 million oz. gold and 45 million oz. silver. The Big Missouri mine, 6 km north of the Premier mine, opened in 1938 by Consolidated Mining and Smelting Co., later known as Cominco. The mine operated until 1941, when wartime economic pressure shut the mine down.

Premier's 3,000-tonne-per-day mill was built in 1989, and operated until 1996. Other infrastructure includes a tailings storage facility, water-treatment plant, 25kV power line from Stewart, a haul road and underground workings. A 31MW power plant also supplies power to the Brucejack mine.

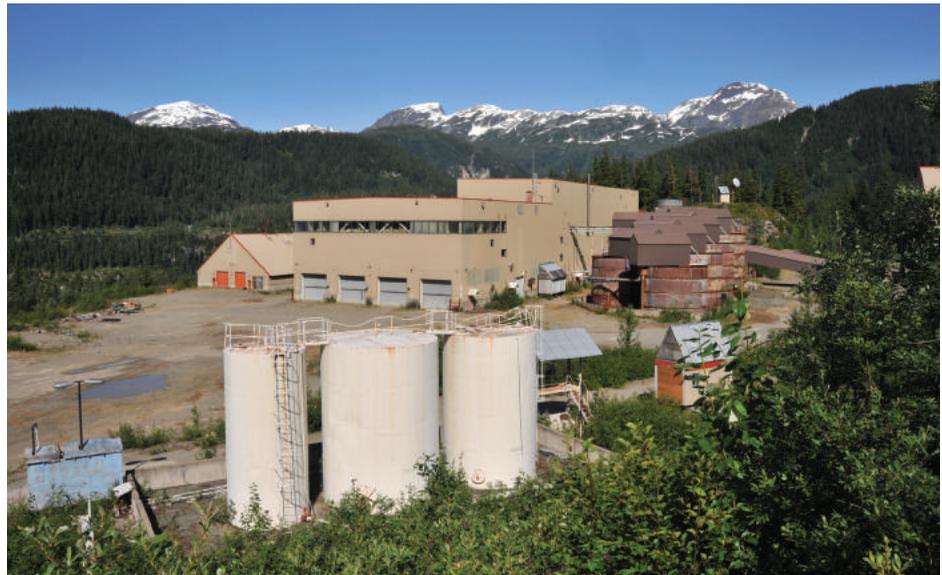
In December, Ascot updated the resource for Premier, incorporating results from 2018 drilling and folding in mineralization for the first time from the Silver Coin deposit. The resource is based on the formerly separate Premier/Northern Lights, Big Missouri, Dilworth, Martha Ellen and Silver Coin deposits, for a total of 2.78 million indicated tonnes grading 7.46 grams gold, 26.2 grams silver for 667,000 oz. gold and 2.34 million oz. silver. Inferred resources add 6.03 million tonnes grading 7.18 grams gold and 24 grams silver for 1.39 million oz. gold and 4.65 million oz. silver.

The deposits at Premier are described as intermediate-sulphidation epithermal gold-silver, while the mineralization at Red Mountain is concentrated in hydrothermal breccias within siltstone-mudstone and Hillside porphyry rocks.

Red Mountain comes with underground development from previous owners extending more than 2 km and a drill database consisting of 659 holes. It has also received provincial and federal government Environmental Assessment certifications.

Red Mountain contains measured and indicated resources of 2.77 million tonnes grading 7.9 grams gold per tonne and 23 grams silver for 705,000 oz. gold and 2.03 million oz. silver. Inferred resources add 316,000 tonnes averaging 6 grams gold and 8 grams silver for 61,000 oz. gold and 77,000 oz. silver.

Rob McLeod, the former president and CEO of IDM Mining, and now a consultant



The historic mill at Ascot Resources' Premier gold project in British Columbia. ASCOT RESOURCES

“I APPRECIATE THERE ARE A LOT OF LONG-SUFFERING SHAREHOLDERS ... WE’VE MADE SIGNIFICANT PROGRESS OVER THE LAST 16 MONTHS, AND WE EXPECT TO MAKE SIGNIFICANT PROGRESS OVER THE NEXT NINE MONTHS.”

DEREK WHITE

PRESIDENT AND CEO, ASCOT RESOURCES

to Ascot, told analysts and investors on the conference call that it's “a heck of a time to get into the stock.”

“We have internal models and know that they would be very appealing to investors, but to me, it's the exploration upside that is still not fully appreciated by the market for these two projects.

“Most of the exploration that has been done has been in and around the historic mines. To go out and test new areas — especially with our understanding of the regional metallogeny — can reveal some of the bonanza grades the Golden Triangle is famous for.”

Looking ahead, White says Ascot plans to complete a feasibility study on Red Mountain in mid-2019. The study will also give investors a sense of what Red Mountain and Premier look like together, even though Red Mountain has identified reserves, while Premier has only resources. A second feasibility study released before year-end would have reserves for Premier.

“That is what will be needed to get an uptick in value, and to attract the kind of funds necessary to put this mine back into production,”

White says. “What that requires is we have to do the drilling at Silver Coin and Big Missouri so that it's converted into reserves.”

In terms of putting the mine back into production, Ascot has mining and reclamation permits, but these need to be amended back into active status, and management intends to apply for an amendment to the *Mines Act* later this year.

“The company is in a far better position than it has ever been in,” White says. “It will take us to the end of the year to get the feasibility in place. We'd connect with capital in the first quarter of 2020, and, from there, we're ready to go. Brucejack cost \$800 million to build, and we're talking about something one-tenth of that cost.

“I appreciate there are a lot of long-suffering shareholders,” he says. “We've made significant progress over the last 16 months, and we expect to make significant progress over the next nine months.”

Ascot's shares are trading at 75¢ in a 52-week range of 72¢ to \$1.65. The company has a \$157-million market capitalization. TNM