

Precipitate Gold team talks discovery at Ginger Ridge

VANCOUVER — It took junior **Precipitate Gold** (TSXV: PRG; US-OTC: PREIF) roughly two years of sociopolitical wrangling to get its drills turning, but only a fraction of that time to make a discovery at its 125 sq. km Juan de Herrera concession within the Dominican Republic's emerging Tiroo gold trend. On Sept. 23 Precipitate announced results from a six-hole drill program at its Ginger Ridge zone that show the potential for a gold-rich volcanogenic massive sulphide (VMS) deposit.

The company grabbed the ground in 2012 following **GoldQuest Mining's** (TSXV: GQC; US-OTC: GDQMF) nearby Romero discovery, which has evolved into a deposit that hosts 19.4 million indicated tonnes grading 2.63 grams gold per tonne, 0.63% copper, 0.29% zinc, and 3.7 grams silver per tonne for 2.4 million oz. contained gold equivalent.

"We were sort of handcuffed by permitting delays for the better part of eighteen months," comments president and CEO Jeffrey Wilson during an interview. "We did some surface work and geochemistry, but couldn't proceed with trenching, geophysics or drilling. We got the green light in January, and were off to the races."

The company sent vice-president of exploration Michael Moore and his team down to literally walk the ground and get a grasp on potential areas of interest, and ended up with two prospective targets in the Ginger Ridge and Melchor showings.

Following more detailed work on the areas Wilson says that Ginger Ridge "lit up" as a priority due to promising surface results and easier access. Drill targets emerged following trenching results that were highlighted by 32.5 metres grading 1 gram gold and 18 grams silver. Follow up inverse-polarization (IP) geophysical surveys outlined anomalies that were coincidental with the smoke at surface.

"We really weren't reinventing the wheel," Moore says, adding that Precipitate is following a similar discovery model to GoldQuest. "First of all we wanted to drill test those coincident IP anomalies that ran alongside our surface trench numbers. Our bias going into this, geologically speaking, was that all of the lithologies dipped steeply to the northeast, but after drilling and doing some more surface mapping I've flipped that ninety degrees and think the lithologies dip moderately to the southwest."

Moore's conclusion follows a 1,200-metre scout drill program that confirmed his belief that Precipitate could be sitting on a potential VMS discovery. Oddly enough, when the company drilled its most promising target with hole 1 — which represented the coincidental geophysical and surface anomalies — it came away empty handed. It was only when Precipitate turned its drills northward that a discovery was made.

The location of discovery holes 5 and 6 correlates with the highest IP chargeability signature, but occupies an area where the company has limited surface sampling. Hole 5 cut 98 metres of massive and semi-massive sulphides, including an 18 metre interval grading 4.54 grams gold from 84 metres down hole. Meanwhile, hole 6 intersected 41 metres of disseminated sulphides that includes 3.05 metres of 0.55 gram gold and 0.11% copper from 47 metres down hole.

"In my mind what's happened is that we've drilled enough holes and done enough work that the story has evolved," Moore continues. "We went into this thinking that the surface geochemistry and IP anomalies were indicative of an intermediate sulphidation target. The first four holes essentially tested our best near-surface work, while holes five and six hit the strongest IP anomaly. For the most part, that chargeability high would indicate the target with the highest sulphide content. My thinking is that hole 5 is right on the edge of something significant."

Moore adds that the surface work over the discovery holes is essentially barren, likely due to the presence of a rhyolite dome. He says there are slightly elevated base metals, but basically no gold values. The intriguing aspect is that a number of outcrops in the discovery area host disseminated and massive pyrite associated with base metals. Interestingly, the company hasn't run IP lines north of its discovery, and Moore's expectation is that further geophysical work will unveil additional high-chargeability targets in that direction.

"Though the timeline from original staking runs nearly two years, we've really only recently had boots on the ground," Moore adds. "We've gone from grassroots to a new discovery very quickly. To be frank I'm a little surprised how fast it evolved, but I think now the strategy is fairly straight forward. We'd like to do some more IP to the north to tighten it up and identify the best drill targets, but it looks pretty linear so I think we can move immediately north of hole 5 along strike to the next strongest IP anomaly."

Accordingly, the company reports that the estimated 600 metre long area flanking holes 5 and 6 will be a priority target area for follow-up given its prospective VMS exploration characteristics.

The good news for Precipitate is that the discovery at Ginger Ridge cost a relatively small amount of money. The company has spent around \$750,000 over the entire Juan de Herrera concession to date, with the drill program costing just over \$500,000. The company will likely have around \$750,000 in treasury when all the latest exploration bills are settled.

In July Precipitate extended its land holdings at Juan de Herrera when it picked up the David concession for a 2% net smelter returns royalty (NSR) and 100,000 shares. David gives the company contiguous exposure to the Tireo trend along the southern boundary of neighbouring GoldQuest concessions.

"It's been a very small amount of money," Wilson adds. "One of the things we like is that we've been able to really streamline our spending on both a corporate and exploration level to make sure we get decent returns on every dollar spent. The capital markets have been a bit frustrating since we didn't get the response we anticipated from the drill results. That said, we have some great supporters and other investors are starting to get it from a VMS stand point. And the upside is now we have a solid working, geological model."

Precipitate shares have traded within a 52-week window of 7¢ and 29¢, and closed at 18¢ per share at the time of writing. The company maintains 36 million shares outstanding for a \$7 million press time market capitalization, with founders and insiders holding roughly 40% of that total.