

## **First 20 Minutes with Mr. Michael Moore \$PRG Precipitate Gold**

Peter “@Newton” Bell, 16 October 2017

It is my pleasure to share a first interview with Mr. Michael Moore, Vice President of Exploration for Precipitate Gold (TSX.V:PRG). In this first part of our hour-long conversation, we discuss an exciting new rock sample found at the company’s project in the Dominican Republic. Read on for a detailed discussion of the exploration process and geological significance of this discovery.

Precipitate Gold is focused on their exploration projects in the Dominican Republic, but have noteworthy secondary assets in Yukon and British Columbia. The company has 75.6M shares outstanding and 91.8M fully diluted. The market cap is approximately \$10M and the company has \$2M working capital with no debt. Find more on the company’s website: <https://www.precipitategold.com/>



Peter Bell: Hello, Mr. Moore. Great to be here with you to talk about this rock sample found in August 2017 at the Southeast Zone of the Juan de Herrera project. To start off, where was this found – is this near the soil anomalies at Ginger Ridge East or more to the south?

Mike Moore: This particular rock was collected about 3-5 kilometers south-southeast of our Ginger Ridge Zone. It was found about 500-600 meters south of the property border with Goldquest. It is in very much the same rock type or stratigraphy as we have at Ginger Ridge, particularly at Ginger Ridge East. To some degree, it is similar to what is found further north at Goldquest's Romero deposit.

Across both the Goldquest and our own land packages, there is a large area of volcanic rocks that are prospective for VMS style deposits – often with a gold epithermal overprint. These things often happen in series. You may have heard about a "string of pearls".

Peter Bell: Yes, indeed.

Mike Moore: I would make the argument that our Ginger Ridge discovery is in the same genre, despite the fact that drilling results there didn't quite pan out the way we would've preferred. Our Ginger Ridge East Zone, Jengibre South, Melchor, and others are located in similar styles of terrain with all the types of anomalies that geologists like to see.

The showing where we took this rock specifically was initially discovered about six months ago by one of our geologists named James Thom. He is my right-hand geologist, if you will.

One of the challenges we have in the Dominican Republic as exploration geologists is to get down into creeks and valleys to find exposures of rocks. James being James – he was in one of those valleys very early one morning pounding rocks and stumbled across a bunch of shiny rocks. He pounded off a bunch of rocks and sent them to the lab. Through his persistence and diligence, we now have a zone that we hope to follow up on with drilling here in the near term.

Peter Bell: Great.

Mike Moore: This particular showing is the best sulphide showing that we've ever had on the project. Certainly, our best chalcopyrite showing. We're very happy to see it because it's unusual to find in outcrop, at least on our ground. It is unusual to see a lot of sulphides that are not pyrite. As you know, the sulphides in this rock are chalcopyrite, which is a copper mineral. This rock sample gives us a good starting point.

In fact, we were able to take a continuous hand-trench sample across a nice width at this outcrop. The samples returned some decent copper numbers. I was very pleased to find all of this in the right type of volcanic rocks.

As you might expect, James walked further down the same stream and collected a good number of grab samples along the way. There are some decent copper numbers all the way down that creek bed. So far, we've sampled about 60 meters away from the trench where this sample was taken. We did not encounter high-grade throughout, but certainly found highly-elevated copper numbers compared to a lot of the numbers we've had in the past.

Peter Bell: Are you referring to soil sampling there?

Mike Moore: No, I mean copper grades in rock samples from outcrop. In situ samples, if you will.

Peter Bell: Yes, thank you.

Mike Moore: It's an interesting question, Peter, because there is a big difference between rock samples like this and soil samples. With a rock sample, you can go to a site and say confidently that this is exactly where it came from. However, soils can be in-situ or can be transported. It's an important distinction and it will lead us to follow up on this area in detail in the near term.

Flashy rock like this is something that you can show people and they can see the alteration associated with it. It's a fairly big deal for us.

Peter Bell: Great. Now, I think I heard you say that VMS with a gold epithermal overprint and that sounds like the VMS-epithermal hybrid model I've heard about elsewhere. I also heard you say that this rock has the most sulphides of anything you've seen so far. However, I'm looking at this rock and it doesn't seem to have been weathered. That weathering is important for creating sulfuric acid that causes enrichment.

Mike Moore: Are you sure you're not a geologist, Peter?

Peter Bell: (Laughs) Thanks, Mike. I mention all that because I would expect water to get into the rock at outcrop in a creek-valley.

Mike Moore: Again, a very interesting question Peter.

To back up a bit, the water is our friend in this case as it eroded away a lot of the soil and created an access point or window into the underlying rocks. Let's say you're standing up on a ridge and you're looking down into a river. You can often see nice rocks that are fresh. When you're standing up on top of the ridge, you're usually standing on dirt, grass, and surrounded by trees – you don't know what's underneath you. And that is why we use rock samples and soil samples together in that setting.

Our exploration process is pretty straightforward at this point. It has focused on rock samples and soil samples. We take detailed soil samples across areas that we know are underlain by volcanic rocks. Recently, we've taken very detailed soil samples with 25-by-50 meter grid spacing. Regardless of the specific spacing, the general approach is to go into the field and put dirt in a bag. We also send geologists like James or down into the rivers to look for rock samples.

Peter Bell: Great, thank you. You said that you generally walk down the valleys from the ridge line. Do you ever walk up?

Mike Moore: Yes, we did that at somewhat of an earlier stage. At this point, we generally start from the top of the ridge depending where the camp is and then walk down the river.

Peter Bell: And this is not helicopters scenarios or anything like that?

Mike Moore: No. As you can see from pictures on our website, all our access is done by horses and mules. Mainly by mules.

Peter Bell: I love that.

Mike Moore: Being slightly over fifty myself, I've come to admire the animals. They can be a great help to get a pack full of rocks or dirt back up the hill. Over a long day, a pack can weigh 50-100 pounds! It's thirty-five degrees celsius and it's humid. It's probably rained on you a few times that day and you're getting a bit tired. It's nicer to have an animal help carry the stuff up.

Peter Bell: Sounds like it probably helps with safety a bit, too.

Mike Moore: There are generally a lot of trails from people who live in the area but it can be a bit challenging, particularly this time of year when it's raining a lot

because the slopes are a bit slippery. A lot of the locals scramble around just like goats – it's the Canadians who aren't so good at it!

A lot of the people that I hire, particularly the Canadians, are mountain experts. Our people who stand up on the top of the hill and plan their way down generally have repelling experience. They are hardy guys who see this as something that they want to do. Sometimes they won't go to a place where the locals will go, which is humbling since the locals are running around in rubber boots and we've got serious mountain gear. I don't want to scare people or anything, but some of this work is not for the faint of heart.

To your question about helicopters, Peter. We don't use a lot of helicopters for a variety of reasons. Money is one of them, but there are others. It makes more sense to employ a lot of people rather than to use a lot of the high-tech gear. To be absolutely frank, I would prefer to use a helicopter for drilling and such, but instead we hire 30-50 guys to move gear around. It's challenging logistically, but more responsible socially. This way, money is going directly to local communities.



Peter Bell: When James found it, would he have brought it back with 50 pounds of other rocks or was this one special?

Mike Moore: As I say, this one was special. He sent me photos of it immediately. We hadn't seen anything like it, but now we have pieces that are 3, 5, even 10 times as large as this in storage in country. This is the holy grail. This is what we were looking for.

Peter Bell: Wow. What have you disclosed about this?

Mike Moore: Everything we could! We've trenched it and we disclosed those numbers. We've disclosed assays from high-grade grab samples like this. Some up to 13% copper and others from the area actually had 8% copper. The actual trench samples are somewhat diluted because we're sampling across a horizontal cut over 18 meters – the results are not nearly as high as 13% but we're certainly happy with what the numbers have come down to. Over 18 meters, the average was 0.7% copper. Within that, there are some high-grade sections over lengths of multiple meters. These are the type of results that I think everybody would be happy with.

Our CEO Jeff Wilson has been there. It is one of a few places he has been to at the project site. He got muddy, but he was happy to see it. Most of the rivers up that high are just creeks, but we made this discovery at the tail end of the dry season. The river was already about mid-calf deep, so Jeff certainly got his feet wet.

Peter Bell: Great. That seems like more water than I would have expected.

Mike Moore: You might not think so, but these thin creeks carry a lot of water. We can go months without rain, but when it starts – it rains a lot. Like most places in the tropics, there will be a thunder shower go through every day in the afternoon during the rainy season.

Peter Bell: You saw this side of the rock first, right?

Mike Moore: Yes, certainly. You see the oxidized side first, generally speaking. It's very unusual to see any shiny bits, unless it's freshly broken off by some recent event.

Peter Bell: Was there a fairly large area of exposed rock in the side of the valley?

Mike Moore: Yes. There was 18 meters in one direction, which we sampled with the hand-trench I mentioned. Vertically – it was probably 20-25 meters of exposed rock based on my recollection.

Now, that is not to say that the whole area was like this. We sampled across the bottom of it where we could reach and this is what it looks like.

Peter Bell: Great. 18 meters across by 20 meters vertically. That is a substantial area. Was that rock face fully exposed or is there some cover?

Mike Moore: No, it's almost like a small cliff.

Peter Bell: OK! That's interesting. Have you seen many of those kind of cliffs around, or is that kind of a unique feature?

Mike Moore: It's not unusual to see a lot of rock in these drainages. That's the reason why we go into them – all of the exposed rock helps us get a sense for rock types. The rock type is key. We are looking for areas where we cross from volcanics into sedimentary rocks, generally speaking. The sedimentary rocks are not good target areas for VMS on their own. They can be part of the package, but they're not usually the host rock. That crossover between volcanics and sedimentary rock is an interesting area. When you're prospecting and swinging your hammer all day, banging rock, this stuff kind of comes up.

Peter Bell: And this one really did come up when you saw that large area of exposed rock with oxidation showing.

Mike Moore: That's right, Peter. And although it looks very clear here in a well-lit room, you have to imagine where we found it. These valleys are often covered with a lot of dense foliage from palm trees and such. Even at mid-day, these drainage areas can be quite dark. You can literally walk over alteration and not notice it. That is a common problem for prospecting in the jungle in the tropics. You really need to pay attention to what you're doing. In fact, it helps to work early in the morning when there's no direct sun coming down on you.

Peter Bell: Especially with the subtle discoloration that we're talking about here.

Mike Moore: In Canada, a lot of these things create what are called gossans, which is essentially rust. In the tropics, it rains a lot that causes a lot of flushing of the system. When you have so much water going through, gossans generally don't form. You can find alteration packages in clay and such, but fresh exposures of sulphides are relatively rare.

Peter Bell: Yes, thanks for saying it again. I was thinking that it must be particularly rare to have so much sulphides that haven't been weathered in an area with so much water action. As I said before, I would have expected this to have seen some weathering but this looks fresh.

Mike Moore: It is fresh because the area cleans out so often. You won't see gossans, but you will see a bit of rusty colored rock on the river side of the valley. The rocks are often rusted or at least have a brownish tint to them. When

you're banging rocks all day, it can be a bit challenging as you see a lot of rocks with this discoloration.

Peter Bell: Right. Sounds like a lot of false positives where you might expect something interesting from the discoloration but then find that you're in the wrong host rock.

Mike Moore: It is easy to get a bit complacent when you're out there. For comparison, in Golden Triangle of BC you fly around by helicopter and can pick out gossans from a long way away. They stand out because they haven't been cleaned off, right? In this part of the world, the rock gets cleaned out by all the water and it is more challenging in that regard.

Peter Bell: Thanks, Mike. Does a VMS target like this light up at all on geophysics?

Mike Moore: Depends what you use. I'm afraid it's a loaded question as there are a bunch of components to VMS targets. If you have a lot of chalcopyrite, then that is metal and it is conductive since it is essentially copper.

Peter Bell: Right. And this sample does have a lot of chalcopyrite.

Mike Moore: Yes. Things like this will light up when you use electrical methods where charge the ground. If you have sphalerite, which is a zinc mineral, it's actually the opposite. Sphalerite and chalcopyrite are very often paired together in a VMS deposit, so you can have conflicting signals! Then you add magnetism and it gets more complicated.

On it's own, a basic VMS deposit is relatively straightforward. If you add an overprint of gold epithermal mineralization and a little sulphidation, then things start to get a little more complex. That's been a challenge for Goldquest and ourselves. Both companies have done some version of magnetic airborne surveys and very large IP surveys. We have both done ground magnetics and much more detailed stuff.

Peter Bell: Is there issues with overburden on all this?

Mike Moore: No, the nice thing is that there really is hardly any overburden to speak of. There is a saprolite weathering profile, which we have identified in our drilling. At surface, it's fairly weathered but the weathering profile decreases as you go down, as you would expect. Usually that weathering profile is gone after 20-30 meters of vertical and then you are into pristine rocks.

Peter Bell: And this is what we are seeing with this rock sample.

Mike Moore: Yes, that is probably a fair statement Peter. The saprolite weathering profile will effect geophysics, but it has not been an issue in my experience. The real challenge has to do with the topography here. My preference from a VMS perspective would be for the ground to be flatter. Then, I would be doing gravity geophysical surveys to look for the large metal bodies. Since the terrain is varied, we decided that approach probably won't work here.

Peter Bell: Interesting. It's steep, but not too steep as you can still move drilling equipment around with donkeys.

Mike Moore: Yes, you can get around. There are some places where you can't walk around, but most places you can.

I've worked in places in British Columbia, Ontario, and the Arctic where it is much flatter. To be sure, the Dominican Republic is not the Arctic but neither is it the Rockies. You can get around everywhere using animals, as we've discussed.

If this particular terrain was in a cooler climate, you could go all day without challenges. The locals are used to it, but a Canadian comes into it and it takes them about a month to adjust, all things being equal. To be totally climatized and be able to hump around and not drink 5 liters of water a day.

Peter Bell: Thank you Mike. I gather you have quite extensive experience as an exploration geologist. I would be keen to learn more about all that at some point, but let's bring the first part of our conversation to a close here.

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