

Resource Maven

Independent Analysis of
the Resource Markets

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We're all slogging through this market. It's been no fun for investors to watch as value evaporates and opportunities shrink. But it's been equally hard for companies – harder, actually.

Juniors don't have a choice: a gold explorer is a gold explorer. Sure, the company can change gears completely and start growing marijuana, for example, but that disregards inherent value. A good junior is a group of skilled and experienced operators, advancing an asset or portfolio that they believe in based on their past technical and financial successes.

Those skills and experiences won't help much growing weed. Moreover most of these people have been through several sector cycles; they know the upturn makes up for the bad years, if they can just survive until then.

So it becomes a question of survival. That can take two forms: doing nothing until the environment improves or finding ways to raise money and advance assets, downturn be damned.

The best juniors of course fall into the second category. One company recently showed what can be achieved with ingenuity and perseverance, two traits necessary for success in these markets.

The news from **Precipitate Gold (TSXV: PRG)**. Precipitate is advancing the Juan de Herrera gold project in the Dominican Republic. The team has already made one discovery there, when the first set of drills to test a target called Ginger Ridge returned 18 metres of 4.54 grams per tonne gold, along with several lower-grade intercepts.

A follow-up IP survey made those results even more intriguing. IP is a reliable tool in that part of the world, having led neighbour **Goldquest Mining (TSXV: GQC)** to its 2-million oz. Romero discovery. Precipitate's discovery hole at Ginger Ridge was at the northern edge of its IP survey. When they extended the survey to the north, the anomaly grew in size and strength.

It means the area north of the discovery hole is begging for additional drilling. But drilling costs and it has been very tough to raise cash to drill early-stage gold targets.

Precipitate took a moment to think. Ginger Ridge looks great, but it's only one target. If they drilled and hit, great. If the drill missed...the market would probably discount the whole story, even though there are other interesting areas on the project.

So Jeff Wilson and his small team spent the summer figuring out how to grow the Juan de Herrera story without spending much money (since they had very little). Some desktop work and a mag survey got that process started, but it was an ingenious deal with Goldquest that ramped things up.

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One interesting part of working in the Dominican is that companies are limited to 30,000 hectares of ground. Goldquest has its 30,000 hectares, and on it a very good gold deposit. But pre-development projects aren't getting a lot more love than early-stage exploration, so despite a strong PEA and some stellar drill results Goldquest too is having a hard time.

Both companies believe the Tiroo mineral belt holds huge potential. If others saw the same potential, both companies would benefit. And there was a way to help that along.

Enter a data sharing deal. Goldquest has been working in the Tiroo gold belt for almost 10 years. In that time they have walked, sampled, surveyed, and assessed far more than the 30,000 hectares they now hold, but data on ground they no longer hold has been gathering dust. The deal gives Precipitate access to that data. A fair bit of it covers PRG's ground; the rest of it is nearby. Precipitate is working through this trove of information with the goal of identifying new drill targets.

Should PRG make a new discovery, Goldquest would benefit from the area play advantage, and because Goldquest got 300,000 PRG shares in exchange for the information.

And it gets better. Precipitate went to **Strategic Metals (TSXV: SMD)**, the Yukon-focused project generator that owns 12.5% of Precipitate by virtue of having vended some Yukon projects to PRG in 2012, to tell Strategic about the data deal. It was a standard meeting – Precipitate updates Strategic regularly and has offered Strategic the chance to participate in its financings over the last few years.

Strategic has always declined. But on hearing about the combination of the new IP anomalies and the data sharing deal with Goldquest, Strategic president Doug Eaton got interested. Significant data for shares? And enough layers of data that drill-ready targets could result?

By the time Jeff Wilson left the meeting, the stage was set for Strategic to fill an \$800,000 financing. The funds will enable Precipitate to churn through the GQC data. Should good targets present, Strategic could exercise its warrants, which would put another \$1.2 million in Precipitate's account – enough for a drill program.

The ability to negotiate a data sharing deal has turned everything around for Precipitate. Instead of a bleak 2016, the company has new data to assess, new money to do so, and a path to drilling.

