

6,500 Words with Jeffrey Wilson, Precipitate Gold \$PRG

By Peter “@Newton” Bell, May 24, 2017

I had the pleasure to talk with Mr. Jeffrey Wilson, CEO of Precipitate Gold (TSXV:PRG) at the Metals Investor Forum in May and enjoyed it very much. I have known a little about the company for a while, but was grateful to get more details on the company in a recent call with Mr. Wilson, which you can find below.

Please note that this transcript contains forward-looking statements and is provided for general information about the company. I hold shares in the company, but was not compensated to prepare or disseminate this material.

Precipitate Gold is a junior mining company focused on the Juan de Herrera Project in the Dominican Republic. The company has 75.6M shares issued and outstanding, with 94.8M fully diluted. The market cap is approximately \$9M and the company has \$2.7M in working capital as of May 1, 2017. You can find more information on the company's website here <https://www.precipitategold.com/>



JW: Hello Peter, nice to be talking with you.

PB: Hi Jeff. I was re-watching your presentation from the recent Metals Investor Forum and was impressed. You do a good job covering all the bases.

JW: Thanks, Peter. It was an interesting exercise to give that presentation now because our story has been fairly streamlined and simple for the last few years. Since we made our discovery in 2014, we have been following an exploration approach that focuses on a particular type of geophysical result. In January of this year, we announced drilling results that chased that target but delivered an underwhelming level of success, you could say.

JW: As I point out in the presentation, this forced us to look at things differently in terms of what exploration methodology we use to find new targets. This has taken shape over the last few months as we have generated new data and news that helps explain the new geochemical anomalies that we are seeking for targeting. It all provides a new dimension to the story. As it turns out, these new parts of the story have legs. For example, we now have a stronger geochemical anomaly than we have ever had anywhere on the project.

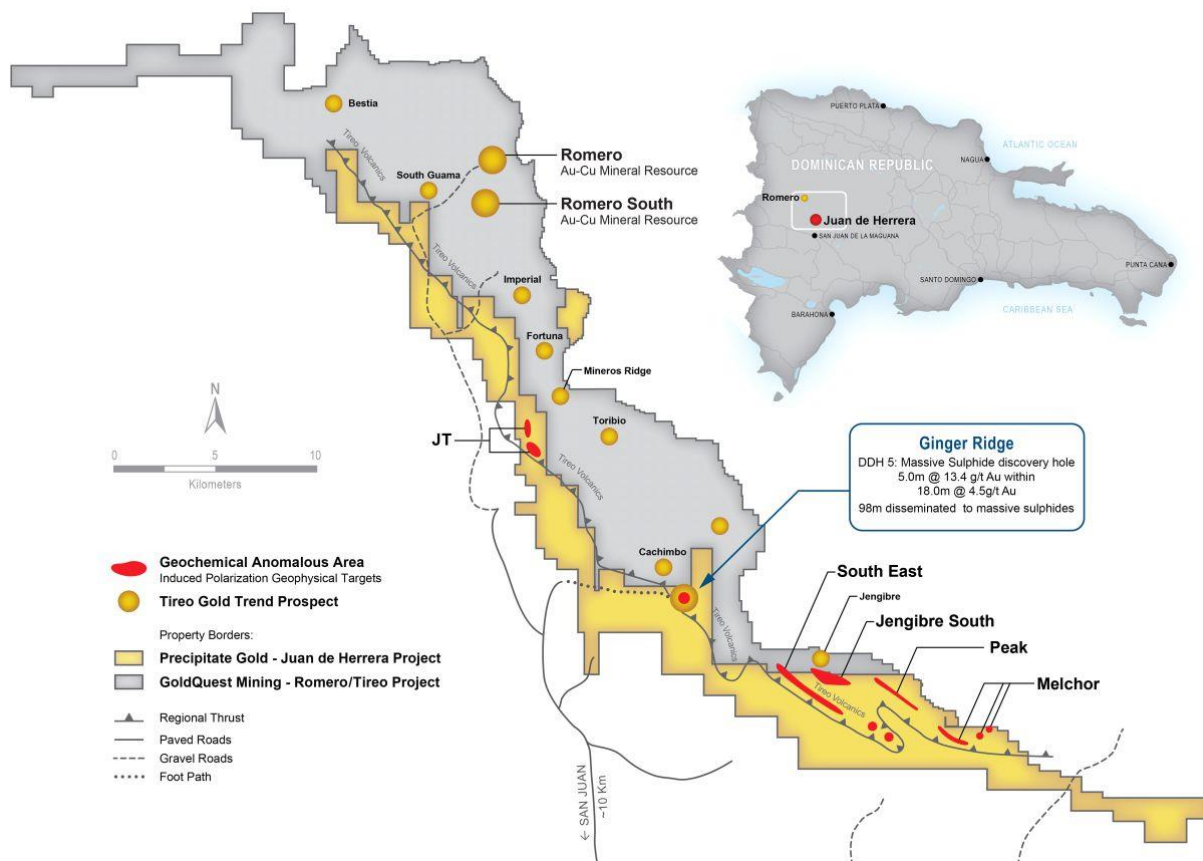
JW: As I have pointed out in some of my conversations with newsletter writers recently, sometimes you do need to miss before you hit. You need to know where you don't want to be. Again, the last rounds of drilling provided some useful guidance in terms of where not to go. All of that is culminating into a clear targeting methodology for the next round of drilling that we are hoping to commence shortly.

PB: Not being a geophysicist, I sometimes scratch my head to keep track of which techniques you're using and which types of deposit they are supposed to work with. I wonder how to keep it all straight?

JW: It is science and it is difficult for most people. Geophysics involves a significant amount of interpretation and it can be vague at times, even for geologists.

JW: When you are trying to find something new, it is important to look at what has been successful in the past. What has led to discoveries in the past and what kind of environments are they hosted in? You look at the geochemical signatures, the rock types, and the geophysics -- is it chargeable, is it resistive, is it magnetic, what is the gravity? All of these things can paint a pretty complicated picture that can take some effort to wrap your head around.

JW: For example, the Romero deposit is located on Goldquest's property next door to us and has nearly 3M ounces of gold. The geophysical setting for Romero is a magnetic low and chargeability high, but that doesn't mean that we will necessarily find similar deposit at areas on our property with the same geophysics. It does, however, provide us with a good way to decipher where you want to look more closely and where you don't.



JW: At the end of the day, what we are looking for are places where multiple, overlapping layers of data all indicate a particular area is prospective. Some places that have such multiple layers of data will not have significant mineralization and that is

unfortunate, but that's the way it goes. Others may prove to be mineralized. We approach this largely as a process of elimination.

JW: Keep in mind that we have a large land package. It takes around 2 hours to drive from downtown Vancouver to Langley and that distance is similar to the extent of our land package. It is enormous. We need to take a broad view and determine where best to focus our efforts across all this terrain.

JW: Part of the work that we have been doing, which we announced on May 17th, speaks to that. We found some interesting rock types, took soil samples, and have now found concentrations of anomalous gold at surface in several locations. We ran IP over those targets and hope that will provide a vector to guide further exploration of those anomalies as we get them to a point where they are worthy of drilling.



JW: The work associated with this IP survey was very extensive across our land package. There were a number of different targets that required systematic and detailed work. As the data comes in and we analyze it, the interpretation will help guide us towards where we may want to focus future rounds of drilling. In the meantime, we are going back to Ginger Ridge and will be drilling there, likely by the end of May. Having these other areas of interest ready for subsequent rounds will be critical for generating as many high-quality exploration targets as possible.

PB: And you do have quite a few to look at already with these 6 targets at your main property in the Dominican Republic.

JW: Part of the reason that we acquired the land in that region is that it provided a unique situation to obtain highly ground that had not seen prior exploration work. There have been several million ounces of gold discovered in the neighbourhood recently. Over the last 10 years, roughly, there have been 5M ounces total, if you combine Goldquest and Unigold. Yet, we could pick up 17,000 hectares that never had so much as a grab sample, as I pointed out in my presentation at the Metals Investor Forum.

JW: That is the explorationist's dream -- to be close to where gold has been found but to have ground that is unexplored and open for new discoveries. We think that the belt we are in has a similar kind of prospective nature as other areas nearby.

JW: We have been somewhat validated in our belief in the area by the recent announcement that Agnico Eagle has invested nearly \$23M into Goldquest, who is next door to us. I think that is an indication that Agnico Eagle believes there is significant upside in this district and this particular belt with potential for more resources and ounces to be discovered. Again, that is a big part of why we went there in the first place.

JW: We have just announced these 6 new targets in May and will provide more detail on them in the coming weeks. This number of targets puts us one step closer to prove that there are additional areas of significant mineralization in this area. Now, the fun part is when we get into drilling these targets. Hopefully, we will get to that sometime over the next several months.

PB: And that \$23M from Agnico Eagle is a fairly substantial amount of money. Do we have a sense if that is going to be used at Romero for development or elsewhere? Has there been any public communication from Goldquest around the use of those funds?

JW: Well, I don't know that Agnico Eagle often acquires projects with only 2.5M ounces of gold. That would seem to be relatively small for them. I think it is fair to expect that some of the investment will go towards development of the resource through feasibility and into production as there is a lot of work to do in terms of permitting, environmental impact studies, and such. At the same time, I would have to assume that Agnico's belief is that there is a potential for this to become bigger. I like to think that a substantial amount will be earmarked for ongoing exploration within Goldquest's ground.

JW: We think that the geology is very similar whether you are on parts of our ground or theirs. In the same way that Agnico sees potential for Goldquest, I think one could conclude that there is similar discovery potential on our ground as well. That is certainly our belief.

PB: And in terms of the comparisons, I wonder about Goldquest's Cachimbo discovery. It is located south of Romero on their property and is closer to your Ginger Ridge area. I wonder if you have a sense for any similarities in the geophysical interpretation between Cachimbo and Ginger Ridge?

JW: It is still early days and I don't want to go too far along that path, but there are some similarities. For background, a new discovery was made by Goldquest at Cachimbo and it is in a different geophysical environment from where we made our initial discovery at Ginger Ridge. It is different in that it has more of a VMS signature, which means that it has lead, zinc, and copper. It is close to our property, around 2-3KM from Ginger Ridge.

JW: We thought about that Cachimbo discovery quite a lot because it was new and different. The geophysical environment is different from what we were otherwise looking at in our property. We were looking at high chargeability signatures, but this new discovery was actually located at an area of moderate chargeability in between two chargeability highs, so we drew a line from where that discovery was made onto our ground and saw two chargeability highs with an intermediary chargeability in between. We had never really sampled there before, so we sent crews over there earlier this year. We took soil samples, rock samples, and did prospecting. We looked at surface to see if there is anything at surface that would justify additional work.

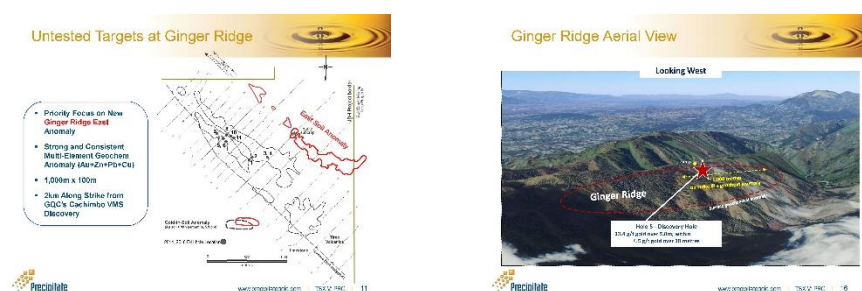
JW: That work led to the discovery of this new anomaly at Ginger Ridge East, which we described in a news release on April 11th. Ginger Ridge East has a multi-element soil anomaly that is very rich in gold, zinc, lead, and copper. It is quite big and the elevations or grades of those elements are higher than anywhere else on our property. Being 2-3KM away from Cachimbo, it is probably not the same body but it certainly shows that there are VMS affinities that run from the Goldquest ground onto ours. This is an example of a situation where we have had some early stage exploration success looking in similar types of environments as where others had success.



JW: Our ground looks very similar across several dimensions, but it has never been tested. That target has now been elevated to a top priority in our next round of drilling, which will commence in the next couple weeks. All of that has been a significant positive development for us over the last months.

PB: It intrigues me that Ginger Ridge East is only 1KM away from the other area you worked on at Ginger Ridge, which I believe was the chargeability high you mentioned. I wonder about the topography there. Is the Ginger Ridge East just like the next hillside?

JW: Yes, it is. As you come down the east side of Ginger Ridge, which is a hill, you go down into a valley that provides some drainage for the area. As you come up the other side of the valley, you reach Ginger Ridge East.



JW: Since it is on the side of a hill, there is some concern that the soil anomalies at Ginger Ridge East could have moved. In general, soil anomalies can move if there is heavy rain or glaciation and they can be moved quite a distance from their source. Even though you may get exciting results at surface in soil anomalies, there may be nothing underneath when you drill it if the soils have been displaced.

JW: We do not believe that has occurred at Ginger Ridge East for several reasons. For one, there is a large lead component in the soil anomalies and lead doesn't travel much because it is such a heavy element. For another, the anomaly occurs on a slope. It rains a lot there at certain times of the year and there is not a lot of tree cover, which leads us to believe that if the soil had been removed from its source then it would be moved to the bottom of the river. The fact that it is situated up on a slope and is still very consistent gives us some encouragement. We certainly don't have the answers to all this yet, but it gives us some encouragement that this soil anomaly may still be quite close to its source, which means we can drill within and around the surface anomaly to search for mineralization in the subsurface or the bedrock below.

PB: I saw a picture from the 2014 drilling in the side of the hill there. It didn't look like it was the most difficult area to be drilling.



JW: That's fair to say. We use a man-mobilized drill, although it is really more mule-mobilized. We can tear it down and move it around the terrain pretty easily without heavy equipment or helicopters. We do it all on dirt paths. The topography is undulating with some hills that are steeper than others but, for the most part, it is walkable.

JW: As I said earlier, it is basically waist-high shrubbery. There are not a lot of old-growth trees or forest so you can clear paths and get access to mobilize drilling equipment fairly well. Although it rains at certain points of the year, there is generally year-round access. Other than the fact that it gets fairly hot in the summer, there is really no impediment to us continuing on with drilling or any other kind of work throughout the year. It is a great place to do business.

JW: If you look at the pictures, you can also see that we are remote enough that we are not asking communities or churches or old burial grounds to be displaced. This is basically just a remote mountainous area. We are not disturbing anything or anyone.

JW: At the same time, we are about a 40-minute drive away from one of the largest cities in the Dominican Republic. It is a fairly impoverished city, so the potential to move this to a mining operation and generate hundreds of jobs is highly desirable for the local community and the surrounding community. You are far enough away from communities that you wouldn't cause a disturbance, but you still have access to workforce.

PB: And that is San Juan de la Maguana.

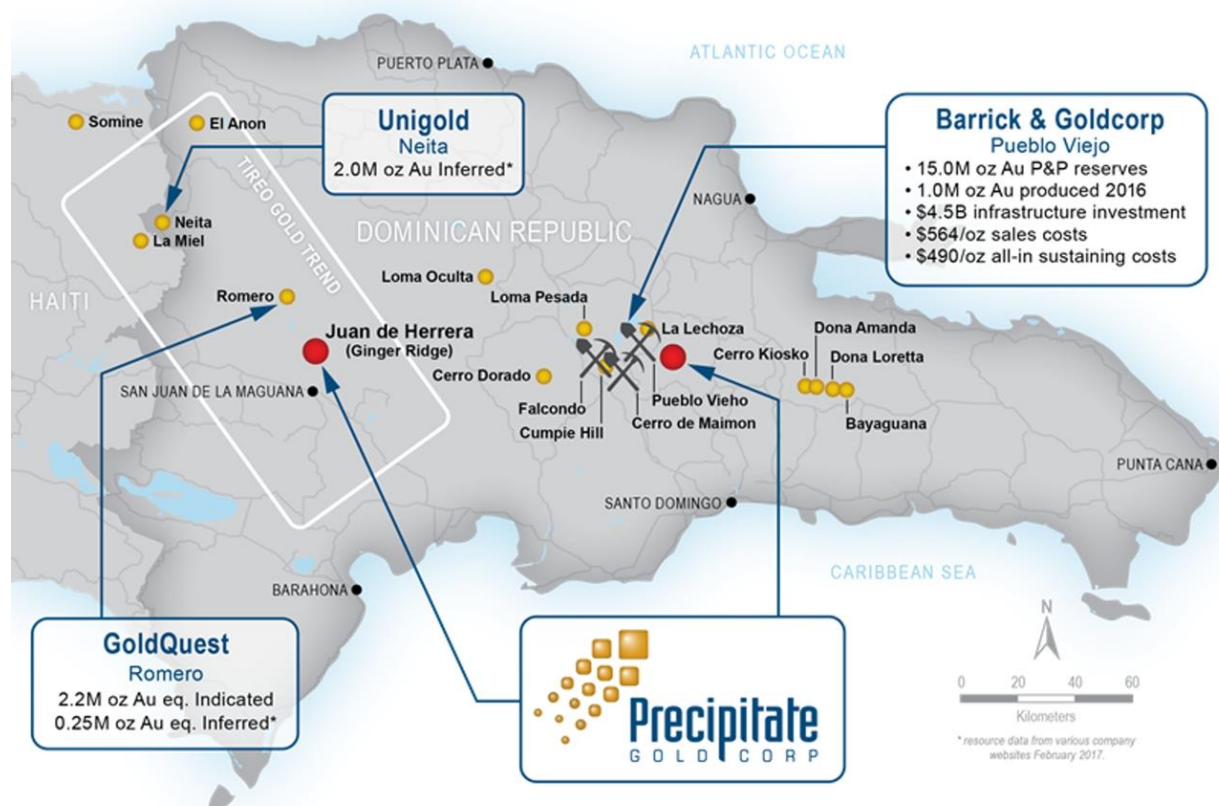
JW: It's been a wonderful place to work. In the past, we flew the Mayor of that city up to Toronto for the PDAC. She was a wonderful woman and we introduced her to the mayors of mining communities in Canada and other parts of North America to give her a sense for what mining has meant to some very vibrant communities. People have jobs, children are better educated because their parents have money, roads are built, and the quality of life has improved.



JW: We don't necessarily have a green light for development, but we have good relationships there and the Mayor of San Juan de la Maguana understands the benefits that a mining operation could bring to her community. As long as we maintain the right levels of environmental care, there is a great willingness to see mining continue in the Dominican Republic.

JW: As you know, one of the biggest sources of gold and silver production in the world at present is located in the Dominican Republic. There is a precedent here that this country understands what mining can mean for their constituents and we would like to be a responsible citizen in that regard going forward.

PB: The presence of the majors in country is pretty compelling.



JW: Yes. As with a lot of countries who have experienced major discoveries, I think the Dominican Republic went through a bit of a learning curve when foreign companies first came in with substantial investment. The government could have done things a bit better from the onset, but through some bumps and bruises along the road they have learned how to do business with major mining companies and foreign investors.

JW: To that effect, they have recently implemented a ministry within the government that is specific to Mines and Energy. They didn't have that 3 or 4 years ago. They have a new Minister whose sole task is to address the concerns of the country in dealing with mining and energy. I think they recognize the resources that they have in country and are trying to move forward in a way that works for everybody.

JW: Again, I think the country is a wonderful place to do business. The mining laws are quite straightforward and simple. For us, it has been a wonderful jurisdiction. We look forward to continuing on our efforts in country.

PB: Those growing pains are not easy. A bunch of activity can be difficult for the local government for all kinds of reasons.

JW: There is always a bit of a learning curve. Governments are working for the people and sometimes there can be pressure for them to do things in particular ways or to try and show strength in negotiations with companies. I think there was a bit of that early on in the process, say 5 or 6 years ago, but I think that has been smoothed out now and there is a willingness to do business amongst all parties.

PB: Well, I think \$4.5B of infrastructure investment at Pueblo Viejo will help turn the tide.

JW: Well said. The investment of Barrick and Goldcorp in the Pueblo Viejo has a critical impact on the country's GDP. They recognize what mining can mean for the country. The fact that there is an emerging region in the western part of the country where we are with Goldquest, Unigold and others helps show the government that this can be a very broad industry for the country. The recent investment by Agnico Eagle into Goldquest further supports that view.

JW: I would like to think that the government is tuned-in enough to recognize that there is some real potential benefit to the country if these projects in our area can be advanced to the point where they have another \$4.5B infrastructure program underway that will create another 2.5% of impact on the GDP. I think they recognize that could be very important to the country and they want to do the right thing.

PB: It is ancient history now, but I wonder about the acquisition terms for you on Juan de Herrera.

JW: The short answer is that we have completed our underlying option agreement. We have acquired and earned 100% of the property, subject to a 3% royalty. We made staged payments in cash and shares. I believe it was \$1M in cash and 3M shares. We altered the agreement a couple times during the really difficult times of the bear market. The underlying vendors were wonderful at recognizing the fact that the markets were tough and access to capital was challenging. They worked with us to find a way to keep

the option agreement in good standing, defer some of the payments and stretch out the timeline. We have now completed those obligations, met all the underlying cash payments, stock payments, and work commitment obligations.

JW: We now have 100% ownership, which gives us full discretion of our capital. It is very difficult to complete the underlying obligations to spend some amount of money in some specific timeline when markets are tough. There can be points in time where you can't do it or it doesn't make sense to do so, regardless of how wonderful the asset may be. One of the great points of progress for our company was to get over that hurdle and establish full ownership of the project so that we can put ourselves in the driver seat. We now spend money as we see fit, rather than because we have to satisfy a ticking clock.

PB: And the royalty is paid to a private group rather than the government?

JW: Yes, it is a royalty to the underlying vendors. There is potential for us to buy half of that back for terms that are not particularly onerous.

JW: We picked up the original property package back in 2012 under that option agreement. Outside of that, we subsequently acquired some adjoining ground basically by staking it. That part of the property package has no royalty on it whatsoever. The majority of the property package has a royalty, but it is not an encumbrance to the project going forward and there is the ability to buy half of it back at a reasonable price tag.

JW: If you are going into a multi-million-ounce mining operation, then the ability to pay a couple million dollars to buy the royalty is inconsequential compared with the broader capital costs and is certainly something that a major or midtier would do if they were to come in. It is not an encumbrance to profitability of the project and is very manageable going forward.

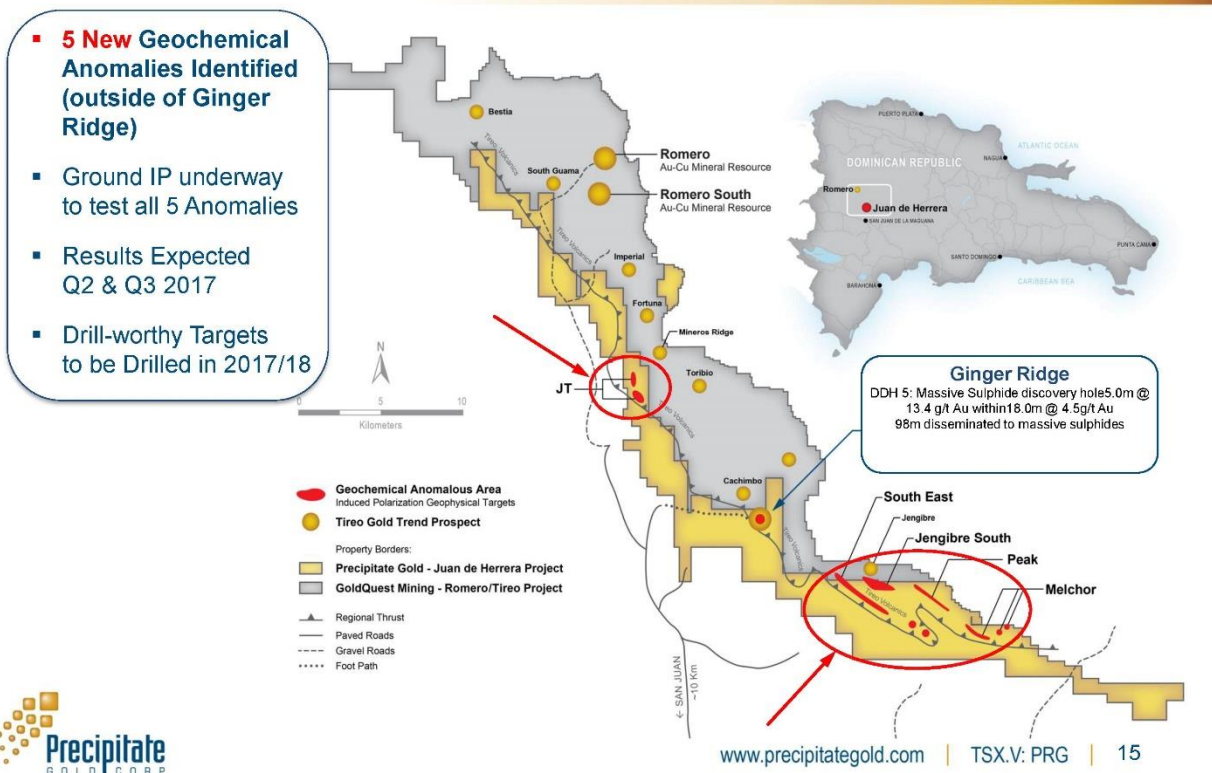
PB: The statistics I see for the others that are already in production in Dominican Republic show that it seems to have quite low-cost operations.

JW: Certainly, the Pueblo Viejo project from Barrick and Goldcorp are in the lower quartile in terms of operating costs. It's a small country and you can get to the coast fairly easily from anywhere in country. You have relatively manageable expectations in terms of labour costs. You are close to the Atlantic Ocean and are close to the USA.

JW: Every operation is a bit different, but there is a precedent that the Dominican Republic can be a very reasonable place for a mining operation in terms of costs. You do not have seasonality or other costs associated with bringing people and equipment into the field. I think the DR has a lot going for it in that regard.

PB: Looking at the broader map of the area that you have, I see JT, Southeast, and Jengibre South. They all seem to be located along that regional thrust that traces along your property. Do you have a sense for similarities or differences amongst the targets there?

Additional Target Zones



JW: You're spot-on with that assessment. That regional thrust is basically the contact between the volcanic rock, which is on the north or east side, and the other side of the contact is limestone. The limestone is believed to be largely dormant, unless there is a veneer at the transition. In short, you want to be on the side of the contact where all the known mineralization occurs.

JW: Those kinds of big, regional structures often have some meaning in terms of where mineralization is situated and hosted. Although we are still doing a fair bit of understanding and information gathering, we have found that the most prospective areas are proximal to that thrust. In other words, you see most of the mineralization located relatively close to that thrust.

JW: The structures that contain mineralization generally run parallel to that thrust. They tend to run in these northwest-southeast directions. Oftentimes, you can see things that are on our ground and if you project in a northwest direction then you can see something on the Goldquest property, whether it is a showing, an anomaly, or prior drilling. The fact that these structures are generally running in that general direction has been a useful guide for us in our exploration.

JW: There are some important things to note about that contact in the southern region of our property package, down towards Southeast, Melchor, and Peak. We didn't own most of that ground that is south of Goldquest's southern tip 3 or 4 years ago, we picked up that ground subsequent to our discovery. We picked it up because it has the largest amount of volcanic rock on our property package. In other words, it has the largest amount of terrain on the "right side" of that thrust.

JW: We picked up that ground to the south for very favourable terms, as well. We did a deal with the underlying owner for 100,000 warrants with an exercise at a substantial premium. The warrants had a 3-month term. In short, the warrants expired and we got 100% of this ground at no cost to Precipitate. It was a wonderful deal for us that gave us a lot of exploration upside. We didn't know much about it for a while, but we have now done fieldwork, airborne, and just completed an IP survey there. We feel that we are now starting to determine that these zones are highly prospective.

JW: Since all of these prospects are in this large area of volcanic rock on the right side of the thrust, we think there is potential for this to be, perhaps, the most meaningful part of our property package. It was not something that we owned when we made the Ginger Ridge discovery, but it may become even more important than what we've discovered so far at Ginger Ridge. We look forward to getting more time on the ground down there. So far, it is looking quite promising.

PB: I recall hearing a bit of that story from you at the Metals Investor Forum. It intrigued me that Goldquest couldn't stake that area because they hit their upper limit on the amount of land that is allowed in the Dominican Republic. That seemed like a nice setup for you to come in there.

JW: Yes, it certainly worked in our favour. As we talked about, there is a 30,000-hectare limit to the exploration license that any one company can have in the Dominican Republic. Since Goldquest has been in country for a long time and has properties outside this region in other parts of the country, their cumulative package was pretty close to that 30,000 threshold and that presented some opportunity for us, given that we only had 17,000 hectares at the time.

JW: We were also aided by the fact we were able to do a deal that made sense to Precipitate shareholders. A bit of patience, a bit of good fortune, and we were able to do a deal that we think was quite accretive for our shareholders.

PB: Being able to survive in this junior space is important.

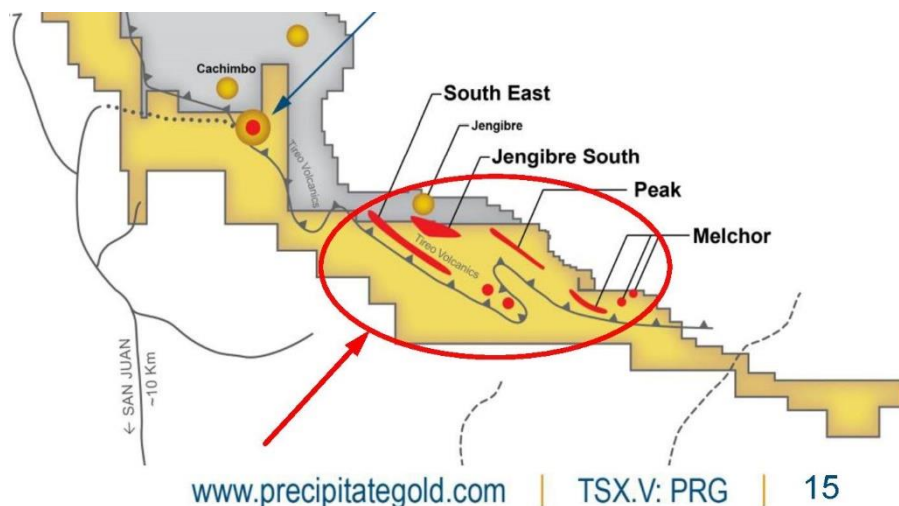
JW: Yes, and I think we have earned a little credit for what we have done over the past. People ask, what did you do through 2013, 2014, and 2015? We acquired this project in 2012 and markets got significantly more difficult in the following years. We made our discovery in 2014, then it became a question of "what can we do to continue to advance the project without incurring substantial amounts of dilution?"

JW: We made a concerted effort that we did not want to be a company that turned the lights off and decided to do nothing until the market came back. We didn't believe that was in the best interest of our shareholders. We tried hard to find cost-effective but

meaningful ways to keep advancing the company during those difficult times. For example, that acquisition that cost us virtually nothing. For another, we signed a data-sharing agreement with Goldquest at that time that gave us access to their 10 years and \$20M worth of work in the region. Certainly, that was a huge assistance for us in understanding some of the geophysical and geochemical signatures that are important in the belt, as we talked about earlier. We also did an airborne survey over this new ground that we are just talking about at the south end of our property, which showed some significant anomalies and cost around \$60,000.

JW: I think we were quietly active and did a lot of the right kinds of things to build up the story during the downturn. When the market came back in 2016, we were in a good position. We weren't starting from a standstill. We were fortunate enough to see our share price appreciate and were able to secure a financing at significantly higher prices in July than where we were trading in January. That helped mitigate the dilution and keep the corporate structure attractive. It all put us in a position now where we have a lot of targets, are on the cusp of a drill program, and have \$2.7M in the treasury. The outlook from here is quite promising.

PB: Lots that comes up for me there, Jeff. One particular thing I would like to mention is that there is an S-shaped part of the thrust fault in the south-east corner of your property, which looks pretty interesting to me. I imagine the geologists would have a field day down there.



JW: That's right. The Geology 101 answer is that it is a little complex. Often times, complex areas are where some of the best things are found because the benign and boring structural environments don't yield much in the way of fluid flow or mineralization.

JW: There seems to be more geological movement in that area and that is often a good thing. It is challenging, it is difficult, and it looks a bit complex, but therein lies the opportunity from a geological exploration standpoint. That area may actually become the crux of our focus in the months ahead.

JW: We have our hands full in the next couple of months with Ginger Ridge and the surrounding area, including the new East anomaly. That is our primary focus for a fairly extensive drill program. As results come out from these new zones over the next couple of weeks, we will take that information and start to pull together a plan for how we can advance these other targets to a drill stage.

JW: I would like to think that one or more of these other targets in the southern part of the property package will take shape as subsequent drill targets by the end of summer, regardless of what happens at Ginger Ridge. We certainly hope that something wonderful happens there, but those areas still require some prospecting and interpretation of the geophysical data to establish drilling targets, which we can complete while we are drilling at Ginger Ridge.

JW: Whether we are drilling in tandem with Ginger Ridge because everything has gone so well and continue to drill at Ginger Ridge and have brought a second drill to one of these other targets, or take a pause at Ginger Ridge and move the rigs is yet to be seen. To have multiple targets that are worthy of drilling is the recipe for success in discovery exploration. It is important to have lots of targets that look attractive and the financial wherewithal to go after them. Fortunately, that's the position we find ourselves in now.

PB: Thank you for that. I was curious how you were going to prioritize all these different things.

Summary / Next Phase



- **Drill Target Delineation Underway at Juan de Herrera DR**
- **Phase 2 Drilling to re-Commence at Ginger Ridge Q2 2017**
- **New and Expanded Anomalies at Ginger Ridge Advancing**
(on trend with GoldQuest Cachimbo Discovery)
- **Multiple New Zones Undergoing Ground Geophysics for Additional Drill Target Delineation**
- **Island Zinc Project: Gravity Survey and Ground Magnetics in Advance of Proposed Phase 1 Drilling**
- **Well Financed to Complete Current Programs and Continue Significant Exploration Throughout Projects**



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JW: These other targets are not drill-defined or drill-ready just yet, but the work that we will do while the drilling is going on at Ginger Ridge could bring them to that point in the coming months. We will cross that bridge when we come to it. We may increase the size and scale of the drilling and bring a second or third rig if results at Ginger Ridge warrant it. We could be drilling on multiple fronts. The other scenario is that we may move from one target to another. We will determine how best to tackle this situation based on our budgets and priorities.

JW: Again, we are fortunate to have many targets to work on. I am hoping we are a few weeks to months away from being able to determine how best to proceed. Then, we can start to prioritize, allocate funds, and look at how to tackle these various targets. So far, things are going very well with us having multiple things to go after. We put ourselves into that position by working hard through the downturn.

PB: And I gather that you have the bench strength with the geologists to do the work.

JW: One of the things that has worked well in our favour by being one of the companies that continued on some level during the bear market, is that we have access to some first-class technical people. Not all of them work for us on a full-time basis, but we are able to get people who have been part of the process for a number of years on an as-needed basis and that has been great. Because they have been working with us on a fairly regular basis for some time, they have a bit of an attachment to the property. When the call comes that we are going to do another round of drilling or prospecting, we have managed to keep the consistency in the team. That helps when you're still figuring things out. It can be really challenging when you're bringing in different people and different sets of eyes every time you go down. It is tough to get any continuity. Michael Moore is our Vice President, Exploration and he has been fantastic at managing the programs and people and keeping the core leadership group in our technical team, which has been a fantastic advantage to keeping continuity.

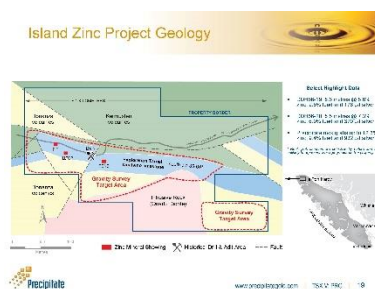
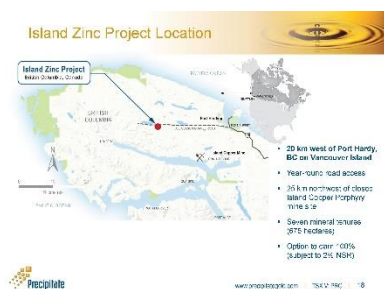
JW: We have great people. They are very familiar with project, the local community, and the staff that we hire from the local community. We have a good connection with the people in the local community. They want to continue working for us. If we pare back our work programs, then we get asked when are you coming back? That's a great sign and all of that plays into our viability. When you're in a remote community, the continuity of people is important. Not only from a technical standpoint, but also in dealing with the locals. All of that has been invaluable for us.

PB: The value of a good reputation.

JW: Absolutely. Whether you're talking about your labour staff, the local community leaders, or whatever it might be -- that trust that comes from dealing with a familiar face who was down there 6 months ago and is there again now, doing the same thing. They feel comfortable with that, rather than having a different person coming in every time.

JW: I don't know that we would have been able to assemble such a first-rate team if we were in the midst of a raging bull market for the last couple of years. Since we were active and, unfortunately, a lot of good people in our industry were not too busy, we have been able to keep a good team.

PB: In the Last couple minutes here, I would ask briefly about that Island Zinc project.



JW: Sure. We don't want to distract or be perceived to be distracted from what we are doing in the Dominican Republic and what we've just talked about for the last while here, but this new acquisition provides a great opportunity for us to do a few things. One thing this new project does is to offset our portfolio with a project that is focused on a different commodity, being that it is a zinc project rather than a gold one. It is also in a different jurisdiction, in British Columbia rather than the DR. And it is also at a slightly different stage. Although it does have some historical mining, and prior drill results, it still provides potential exploration upside with a near term path to drilling.

JW: We acquired it for what we believe to be very lean terms, overall and particularly in the upfront payments. We paid \$10,000 upon signing and that is our only obligation for the property over the next 12 months. Whether we do some work or not, the only thing that we are committed to is a \$10,000 payment that we have already made. It gives us the ability to use our discretion in that regard.

JW: We believe there are some pretty obvious targets and things to do on those targets, with respect to ground geophysics. It will largely be a gravity survey, perhaps followed by a magnetic survey. Both of those are quite inexpensive as they are ground surveys, which are done by walking the ground with the appropriate equipment.

JW: On the back of those two surveys, which can be done this spring and summer, we believe we either will or will not have viable drill targets. The Island Zinc project could be drill-ready this summer. Do we drill it or do we sit on it? That depends on what else is happening in the company. There is even a possible wildcard scenario where we do a deal with somebody else on it. We have the flexibility to do what we see fit.

JW: My hope here is that we get this to a drill stage this summer. Depending on the work that we do preceding the drilling, we may do as little as a 3-6 hole drilling program to test what we believe is our best targets. If something pans out, then great. If it doesn't, then we haven't spent a lot of money to find out and still have the tiger by the tail in the DR. Our primary focus will continue to be the project in the Dominican Republic.

JW: We see the Island Zinc project as a nice offset that could be a wildcard. The offset comes from the factors I mentioned and in terms of news flow. And the wildcard comes from exploration potential and the broader zinc market. I am sure that you know the zinc market has been pretty impressive over the course of the last 6-12 months. It has pulled back in recent months but if the zinc market continues to strengthen, then this could produce something spectacular for us.

PB: And you have a history of squeezing some value out of non-core assets in the company.

JW: We were lucky or smart, I'm not sure which, with our Reef Project in the Yukon. We had this project in the company for many years, since first listing back in 2012, and had kept it in good standing because we thought it was in a very prospective part of the Yukon. Over time, a company called Golden Predator, which a lot of people have heard about recently, started to have a great deal of success in the area. Lo and behold, Golden Predator's project was immediately adjacent to our Reef Project.

JW: Gradually, our Reef Project earned a higher profile and we contemplated doing some work ourselves to capitalize on what was going on in the region. In the end, we managed to strike a deal with Golden Predator to give them the option to acquire the Reef Project from us in exchange for what we feel is a fairly enviable amount of cash, stock, and warrants paid out to us over a 4-year term. I think it is a precedent for the market to look at in terms of what we have done with non-core assets, leveraging and monetizing those into something that allows us to keep funding the company and moving our priorities forward without having to endure massive amounts of dilution.

PB: Jeff, thank you very much.

JW: Appreciate it, Peter. Thanks very much for your time and interest.

Note that this interview was originally published on CEO.ca at the following address:

<https://ceo.ca/@Newton/6500-words-with-jeffrey-wilson-precipitate-gold-prg>