

Third 20 Minutes with Mr. Michael Moore \$PRG Precipitate Gold

Peter “@Newton” Bell, 16 October 2017

In the third and final part of my interview with Mr. Michael Moore, Vice President of Exploration for Precipitate Gold (TSX.V:PRG), we have a detailed discussion of the company’s exploration process. The sequence of exploration activities at the project has been somewhat unconventional and that makes it all the more interesting. This detailed discussion concludes our hour-long interview, which I have published in 3 parts. Find more on the company’s website: <https://www.precipitategold.com/>

Summary / Next Phase

- **Ginger Ridge East Zone to see Follow-up Drill Testing**
(on trend with GoldQuest’s Cachimbo Discovery - VMS)
- **Copper-rich SouthEast Zone Undergoing Additional Geochemical Surveying in Advance of Drill Targeting – Results Pending**
- **Additional Zones Throughout Project to See Ongoing Exploration in Attempt to Delineate Future Drill Targets**
- **Well Financed to Complete Current Programs and Additional Exploration Throughout Project**



Mike Moore: Initially, we were trying to figure out where to start. Now we're at a point where we are getting comfortable with an exploration model. Everything from what tools to use to having the right crews in place to get things done. We're really effective now and I'd like to think that by this time next year, we will have completely covered every piece of our ground with all the high level surface work we need to do in order to be drilling.

Peter Bell: That will be a good place to be, regardless of the order that it was done.

Mike Moore: Hopefully, we will be well into a multi-phase drill program by that time. To have almost all the ground soil sampled by Christmas this year would be great. And I mean all of it -- it's going to be a hell of an endeavor.

A bunch of geologists and myself have already been near everywhere, but this soil sampling will allow us to do follow-up to places of interest that we've already been to. I have been to every corner of this property. It's big -- it's not some small postage stamp. It's 40 kilometers from tip to tail. We don't walk all that distance, but we still cover a lot of prospective ground. It's been great hunting ground, but it's a bit daunting some days.

This rock at the Southeast Zone has certainly got us excited. It's the real deal. It's what people want to see. People like myself think of channel sampling or high-quality trench sampling as a horizontal drill hole.

Peter Bell: Wow.

Mike Moore: If you do it correctly and you have the right QA/QC, then you can bring it into a resource estimate.

Peter Bell: Really?

Mike Moore: Yes.

Peter Bell: That is so cool. An image comes to mind of dozens of locals scraping away at these things. Maybe even with rappelling gear to help them get up and down the 18 meter face. That is a big piece of exposed rock.

Mike Moore: Early days for us regarding resource estimates and such, but it can be done.

Peter Bell: Helpful to hear you say about soil sampling in the related area. I wondered if it changes how you look at other data sets.

Mike Moore: There has been a learning curve and we continue to move up that curve. When guys like me interpret surface sampling, whether from rocks or soils, the simplest thing to look at is topography. You have to understand where your samples were actually collected. Whether they're in a valley or ridge top, glaciated terrain, a non-glaciated terrain, a laterite terrain, or so on. All these things come into play.

In the case of this rock sample and a lot of other samples, you need to understand if there was downhill transport. That alone can have an effect on what you're looking at. The soils can still be in situ or they can be transported relatively large distances.

A glacial terrain can be even more complicated for interpretation of soils. For example, things can be very difficult in British Columbia, whereas things are more localized in the DR. It's nice that way, but there has still been a learning curve for how to interpret it all. It's not terribly difficult but it takes some time. You can see that dots are aligned and they're essentially telling you, "Hurry up and come look at me."

Peter Bell: Time is money. To hear you say that a trench is like a horizontal drill hole is just great. It's almost perfect in terms of the bridge between soil sampling and drilling.

Mike Moore: It's a logical progression, but it doesn't have to be always in that order. In a way, it depends on how lucky you are as an exploration geologist.

If we had found this rock at the start, then we would have done more chip sampling and drilling right away. We would not have done any geophysics or soil sampling. What drew us to this area was silt sampling. It was actually the silt sampling from a drainage that connects to the drainage where this rock was collected.

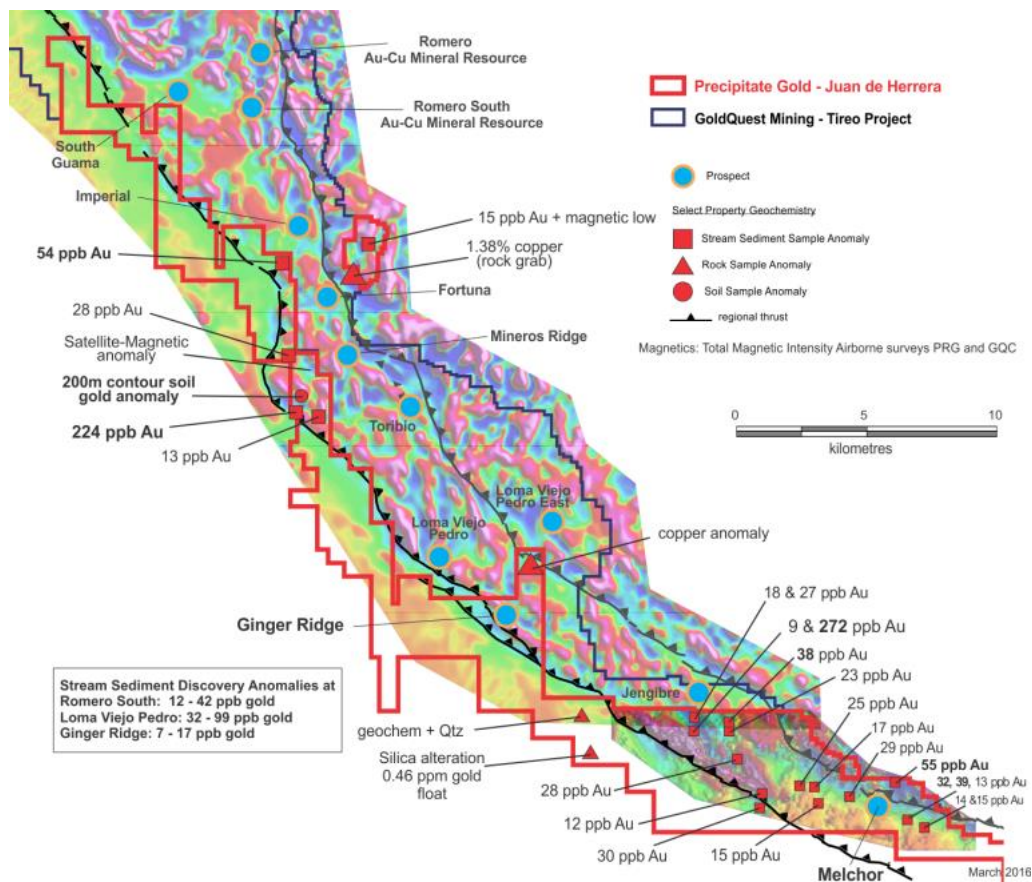
Peter Bell: Wow. How far was that -- 500 meters away?

Mike Moore: No, that would have been kilometers away. This goes way back to the early days of our exploration here, which I briefly mentioned.

One of the fun things about stream silt sampling on a regional basis, is that it can be used to generate some nice maps. Some time ago, we published a really nice map showing all of our silt samples. Some of these anomalies are just screamers. It's not rocket science, but the hard part is to walk up all these creeks, getting wet, slipping on rocks, and dealing with all the challenges of getting into these areas to collect rock samples in a high-quality way.

Without the initial work on a broader scale, a lot of discoveries just aren't made. And it is even more serious at places where there is such little geological knowledge of the region. We were the first ones to prospect

here in modern times. That's great, but it leaves you with a big question: Where do you start?



Peter Bell: Hmm. Tracing back the silt anomalies back over kilometers to the top of the ridgeline and finding fresh outcrop there -- what an adventure. There are a lot of different valleys you could have looked into.

Mike Moore: There are numerous creek splays off of these silt sample anomalies. The incise creeks have many little cuts off of them and you have to work your way up back up by sampling branches.

Peter Bell: Right. That is the exploration process in this particular setting and it takes many work-hours to do it well.

Mike Moore: Sometimes you see things that help you as a prospector. There could be a rock that has broken off and rolled down the drainage. You could bang a rock and you immediately know that it is something great.

You may not know this, Peter, but a good prospector doesn't necessarily need to be a geologist. All you need is a decent rock hammer, some boots, and an understanding of the difference between chalcopyrite, pyrite and barren rock. If you have the money, then you can send the rocks to a lab. A lot of good discoveries are made by good prospectors. Unfortunately, it's a bit of a lost art because it's tough. And also a lot of geologists don't want to get out in the field and as they don't have to now with all the information they can get from computers.

We're up in the mountains. There's no power. Certainly no running water. Though, one thing that the DR does have over other areas is almost complete cellphone coverage. That is really handy. You may not have coverage if you're down in a creek, but if you're up on top of the ridges then your cellphone works fine.

Peter Bell: And this rock sample was found up close to the ridge, wasn't it?

Mike Moore: Yes, but there would be no cellphone coverage down in the creek. After a 100-200 meter walk uphill, you would receive a cellphone signal and you'd have access to the world. You could text or e-mail...

Peter Bell: Or take a photo and send it off to Vancouver!

Mike Moore: That's right. You could take a photo of it and send it back to me. I can talk to somebody in real time.



Peter Bell: And this was the first time I've heard of silts. You said that silt sampling helped lead you to this.

Mike Moore: The guys started by trying to figure out where the sediments and the volcanics were. In the process, they collected silt samples and rock samples. There are a lot of smaller drainages and we focused on the major ones at the first stage. We sent those silt samples for assay and focused on the valleys with good anomalies.

The next logical step was to get up high. We did what is called "ridge and spur" soil sampling. We went up on top of the ridges, which are the easiest places to walk and are often covered with trails. We set camp up high and then collected dirt along the top of the ridges at 50 meter intervals. Those went to the lab and a few of them lit up in certain elements.

Peter Bell: And hopefully those spots are clearly associated with these drainages, which you can now walk down from the ridge and sample further.

Mike Moore: Soils can be pretty subtle and you need to be aware of that. When you're up on the ridge, more of the rock is exposed. In the case of Ginger Ridge, we got very lucky because we had a couple rock samples that came back

up to 11.8 grams gold. At first, it was difficult to decide where to focus but we went with Ginger Ridge for two reasons.

One, we had the highest gold numbers on surface there and were able to duplicate it in a variety of ways. Two, the access was better.

We started at Ginger Ridge and in no way was that a mistake. It's led us forward to what we call the discovery hole at Ginger Ridge. It's a nice hole but we weren't able to extend that high-grade mineralization. It certainly had some good lengthy cuts of 0.5-1.0 grams gold –and a high-grade 4.5 meters of 13 grams gold. I was ecstatic when we saw that. I thought we had arrived.

We made that announcement in 2014 and nobody seemed to care. We quickly realized that now is not the time to be doing anything like this so we pulled back and decided to do a lot more regional work.



Peter Bell: Back to the basics. And here we are in 2017 -- you're prospecting work is bearing fruit and you're talking about wrapping up a soil sample over the entire property. Wow.

Mike Moore: I was talking to our guys in the field earlier today and we have over 2,000 soil samples sitting in storage right now. They are in the process of being tested with the XRF. There are another 3,000 to come -- just from the Peak-Melchor area. After that, we have three major areas where we will do detailed soil sampling. Then, some smaller areas. By the time we're done, I suspect that we will have close to 10,000 new soils.

Peter Bell: Some might say the order of all that is all screwy, with the geophysics and drilling you've done before, but that's fine.

Mike Moore: It's a bit backwards but we are now at a point where we can do it economically. It's feasible right now.

Peter Bell: And it's being done to high standards.

Mike Moore: If you look at our earlier work at Ginger Ridge, a lot of our soil sampling was done on 200 meter line spacing. Later, we tightened up to 100 meters but never did anything at the level of detail we're doing now.

Peter Bell: You had said 50 meter spacing, right?

Mike Moore: It's 25 meters by 50 meters over very large areas. We're talking places that are two to three times Ginger Ridge, which was 2.2 kilometers long and 1 kilometer wide. We're just putting dirt in a bag to see what is there.

Again, the XRF is essential for all of this. We will send some soils for lab work and we will keep them all so that we can come back at a later date.

Peter Bell: This rock sample here -- it's not going to assayed?

Mike Moore: We have assayed this rock, but this particular sample will just be used for promotional purposes. It helps remind me why we're down there in the first place.



Peter Bell: Motivation?

Mike Moore: Yes. There are some days in this industry you need a little bit of motivation. When you're selling a bit of a dream, it can be a bit daunting. We kind of support each other as a community, but we're also competing heavily for the same finite amount of speculative dollars.

Peter Bell: When these things work, they can be really big.

Directors & Management	
Adrian Fleming Chairman, Director	Responsible for discovery of Underworld Resources' White Gold deposit. Underworld bought by Kinross for \$139.0M in 2010. Current Director of multiple resource-focused public companies
Jeffrey Wilson President & CEO, Director	Over 20 years experience. Background in IR and finance. Past Director Welcome Opportunities (purchased by Endeavour Mining 2002) and involved in the formation of Silver Quest Res. (bought by New Gold in 2012 for a value of \$130.0M). Former VP at Geologix Explorations.
Quinton Hennigh Director	Economic Geologist (PhD) and CEO of Novo Resources. Previous President of Evolving Gold Corp.
Alistair Waddell Director	Former President/CEO of GoldQuest Mining Corp. Former VP, Greenfields Exploration for Kinross Gold Corp.
Gary Freeman Director	Former President/CEO of Pediment Gold Corp. until its \$137.0M merger with Argonaut Gold Inc. in 2011. Currently President/CEO of Ethos Gold Corp.
Darryl Cardey Director	Co-founder and former director of Underworld Resources. Current Director of multiple resource-focused public companies.
Michael Moore VP Exploration	26 years experience including work on various gold systems in North America, Cuba, Ghana, Greenland and Archean nickel-PGM deposits in Nunavut, and manto-CRD type systems in Mexico.

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Mike Moore: Yes, they can be. On a tangent, I will briefly mention that one of our directors, Quinton Henning, is President or Chairman of Novo Resources. They have this project in Northern Australia and he is doing brilliant work there. We're very happy to have him as a Director as he is a VMS expert and great support. He has a Masters and a PHD in VMS work.

Despite the fact that he's doing all this gold exploration in Northern Australia, he has been a wealth of information for myself on a technical level. He has seen the rocks at Romero and he has seen our rocks. He offers candid, rapid input when he can. He's been brilliant.

Alistair Waddell and Adrian Fleming have also been very helpful to us. Alistair has local experience as the original President of GoldQuest. And Adrian is just a bloody champion. He's just wonderful that way. He's good and quick with input. He's been very helpful to myself and Jeff on a corporate level and a technical level.

As Quinton says, "Keep your eyes on the prize."

Peter Bell: And here it is on the table in front of us.



Mike Moore: And this is just the start of it. You have to keep moving forward. We are utterly convinced that somewhere on our land package is something meaningful -- it's just a matter of persistence and a bit of luck with the drill bit. I would say that we are now in a better place than we've ever been before to be lucky in that way.

Peter Bell: And will be even more so shortly!

Mike Moore: The pressure is on, always. As soon as the drill starts turning or even with trench sampling, the pressure is a bit higher for guys like me because those are the real results. People can write off soils and say, "Okay, it's an anomaly." And that's an even bigger problem with geophysics. Not to diminish their validity, but they are not the same as a rock sample.

Peter Bell: They call it the truth machine for a reason.

Mike Moore: That's right. Geologists often live in fear of leaving something on the table, The worst thing for an exploration geologist is to bring a project to a certain level and then for something to happen, whether you run out of money or market interest so that you have to abandon that project and someone else comes in after you – and they're the hero. A lot of guys get to first, second base, sometimes even third base but then something waylays them.

Peter Bell: And you guys have been to first base at least with some of your success so far. You've been there and you're back up at bat again. You are still in this one!

Mike Moore: On a corporate level, we have given shareholders opportunities to make money. If you're an active trader, then there have been opportunities to make money. If you're a buy-hold type individual, then it's been a wild ride.

Peter Bell: And if you are buy-hold, then you really should still be buying more.

Mike Moore: We've taken a bit of a pummeling in the market on the back of our last bit of drilling. Fine. Now, we are gearing up again for another drill program and much further work. Historically, we have had a lift in our share price pre-drilling or into drilling. I would like to see more drill success afterwards, of course. It would seem that there is money to be made through Precipitate now.

It's taken me a long time to learn that you don't necessarily need a discovery in order for people to make money on the stocks in our industry. However, you do need to be a bit nimble and understand what your risks are.

Peter Bell: Any thoughts on the question of liquidity events from the corporate side?

Mike Moore: Personally, I don't like the liquidity event.

However, people who are active traders provide liquidity. People that buy-hold and are believers in management or the underlying asset, have to see it on longer timelines. It is not weeks and months, but actually years for this story to develop.

We had our initial public offering in March 2012 and I suspect there are still some long-suffering shareholders out there. Our IPO price was \$0.40 and we have traded above that, particularly when we made our original

announcement of the acquisition of the projects in DR. Since then, it's been a bit of a struggle for people who are part of the IPO. I happen to be one of them and I am still holding that stock, for what it's worth.

Peter Bell: Mike, thanks for taking the time to talk with me here today. We just passed the hour mark and we've covered all kinds of ground. Let's bring it to a close. Thank you.

Mike Moore: My pleasure.

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