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Patience and pragmatism pay for Precipitate Gold

In September 2014 Precipitate Gold (TSXV: PRG) reported a discovery at its Juan de Herrera project in the Dominican Republic. The fifth in a six-hole program testing coincident soil, IP, and lithologic targets returned 4.5 g/t gold over 18 metres, including 13.4 g/t gold over 5 metres, within almost 100 metres of massive and semi-massive sulphides.

Juan de Herrera is adjacent to Romero, the project where GoldQuest Mining (TSXV: GQC) has outlined 2 million oz. gold, some of it quite high grade. The Romero discovery hole happened just two years before Precipitate's hit and in response GoldQuest's share price shot from \$0.10 to \$2 in a few months.

What happened when Precipitate hit gold at Ginger Ridge?

Essentially nothing.

Precipitate had the bad luck to make its discovery in a bear market. I would wager the same hit today would move its price significantly.

The silver lining is that PRG's team saw its situation – and made the best of it.

That means they did not follow up on the discovery with further drilling. The bank account didn't support it and even great results wouldn't have done much anyway. As such that potential at Ginger Ridge still sits untouched, ready to be tested in a better market.

But they did not twiddle their thumbs. Instead, Precipitate focused on expanding the IP survey around the discovery hole in preparation for drilling down the road, adding to its property, negotiating a data-sharing agreement with GoldQuest, analyzing reams of data to identify new targets, and finding an investor in Strategic Metals (TSXV: SMD) who provided just enough capital to fund those efforts while preserving a tight share structure.

Now those choices are starting to pay off.

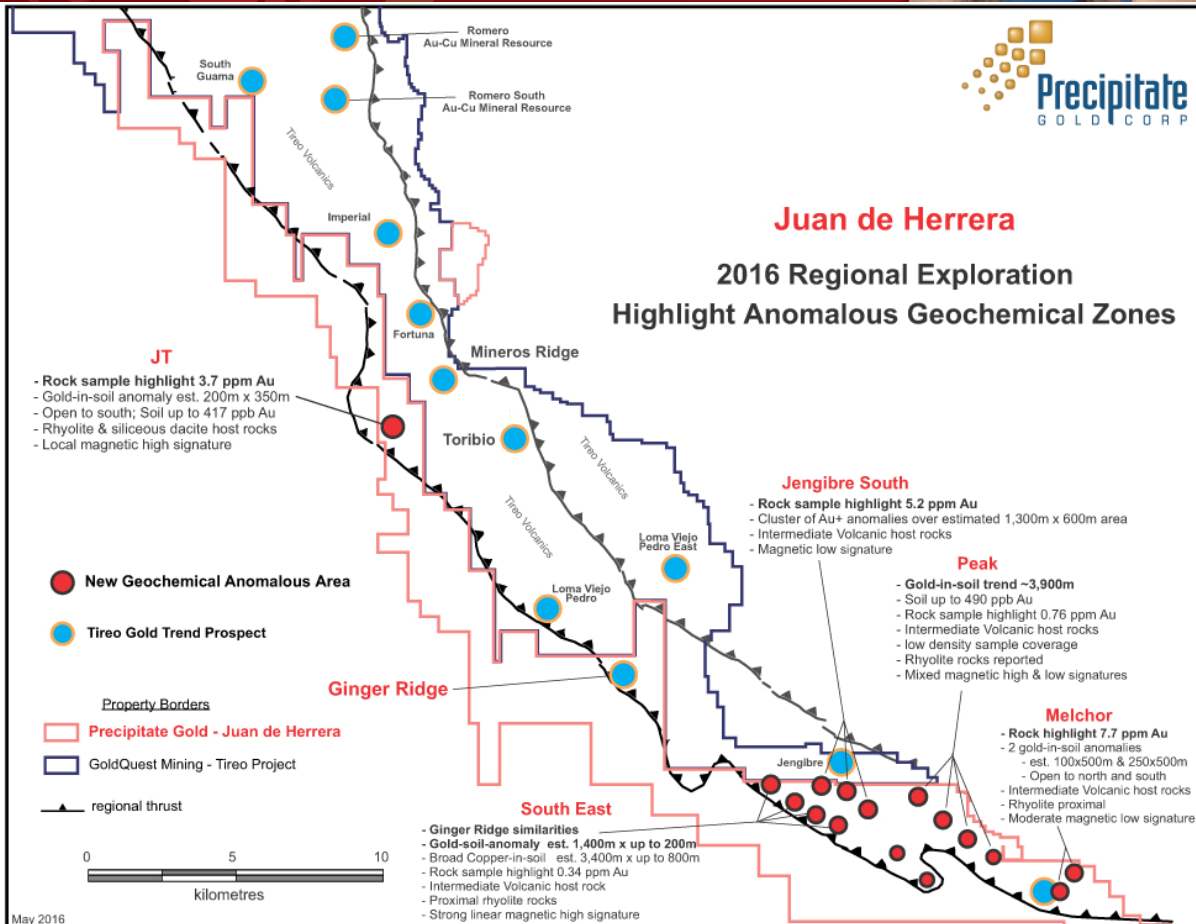
Yesterday Precipitate announced five new targets. Each started as an idea out of the GQC data sharing agreement and became solidified through PRG's recent regional exploration program. All five offer multielement soil geochemical anomalies, sit along the prospective lithology of host rock, and generate some kind of coincident geophysical reading.

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The most exciting target looks to be the Southeast zone, which is 6km southeast of Ginger Ridge and shares many characteristics: similar host rocks, a strong linear magnetic high, outcropping rhyolites, and a sizeable soil anomaly. The gold-soil anomaly alone warrants attention, measuring 1.4 km in length and sitting within a larger copper-soil anomaly.

The other four zones are similar, if smaller. Rather than details about them, I want to make two points.

First, PRG used the same process to identify these targets as it used to home in on Ginger Ridge; GoldQuest used very similar techniques to find Romero.

Secondly, much of the area PRG prospected had never seen exploration work before.

It adds up to a very interesting set of targets.

It also means that Precipitate has achieved its goal. When I met with president and CEO Jeffrey Wilson a few months ago, he talked about creating more opportunity for success.

The discovery hole at Ginger Ridge is exciting, but focusing just on that would make Juan de Herrera a one-trick pony. The project deserves more than that.

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This is highly prospective terrain. By identifying a list of strong targets Precipitate has done two things: increase the defined exploration potential at Juan de Herrera and provide reasons to stay in the story if the first few follow-up holes at Ginger Ridge miss. And miss they might – this is exploration, which means there are no guarantees. I have looked at the soil geochem and IP maps and I think the odds of hitting more gold at Ginger Ridge are pretty good. But it might take a few holes. Or it might not work; such things are always possible with exploration. If that happens, though, now Precipitate can turn to other clear targets and keep on going.

And if several targets turn out, all the better.

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