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Precipitate Gold turns to second property near Pueblo Viejo following Barrick deal

By Trish Saywell

After signing a deal with Barrick Gold (TSX: ABX; NYSE: GOLD) to earn a 70% stake in its Pueblo Grande project in the Dominican Republic earlier this month, Precipitate Gold (TSXV: PRG) plans to focus on the Copey Hill target at its Ponton project, 20 km away.

The Copey Hill target, which has never been drilled, is hosted by the Los Ranchos Formation, the same prospective rocks that host Barrick's Pueblo Viejo gold-silver mine, 35 km to the west.

Historic surface soil and rock sampling work by the property's previous owners, Everton Resources, identified a multi-element geochemical anomaly measuring about 1.2 km in diameter that is open to the east and appears to contain gold, silver, arsenic, mercury and antimony. The early-stage rock sampling returned gold values of up to 4.1 grams gold per tonne, associated with fine grain silica veins.

"It's still pretty early days and we're relying on historic work, but what's most compelling is that it's a multi-element anomaly and some of the soil samples run pretty high — in the range of 0.1 to 0.6 gram per tonne gold," says Michael Moore, Precipitate's vice president exploration.

"It's in the same geological terrain as Pueblo Viejo and Pueblo Grande but because we have been focused on Pueblo Grande and the deal with Barrick, we haven't concentrated on it yet," adds Jeffrey Wilson, Precipitate's president and CEO. "It wasn't until the Barrick deal looked like it was going to consummate that we decided to get our ducks in a row for what



A field crew doing sampling and reconnaissance program at the Copey Hill Zone within Precipitate Gold's Ponton Project in the Dominican Republic. Credit: Precipitate Gold.

we would do next and this geochemical anomaly began to emerge as a compelling epithermal target and a potential near-term drill target."

Under its deal with Barrick, announced on April 14, the gold major committed to spend US\$10 million on exploration at the junior's Pueblo Grande project, including 7,500 metres of drilling, and complete a pre-feasibility study within six years. It also took a 12% stake in the company for a \$1.4 million investment in a private placement of 12.71 million common shares at 11¢ per share.

Precipitate's Pueblo Grande project surrounds the Pueblo Viejo mine site on the west, north and east side, covering roughly 99 sq. km, about 50 km north of the capital city of Santo Domingo. Pueblo Viejo is a joint venture between Barrick (60%) and Newmont (TSX: NGT; NYSE: NEM) (40%), and produces gold, silver

and copper. The mine began commercial production in 2013 and is one of the world's largest gold assets.

Precipitate acquired its land package containing Pueblo Grande and Ponton from Everton two years ago for \$25,000 in cash and \$300,000 worth of shares (7 million common shares at a price of 3¢ apiece).

"It was a damn good deal at the time and it certainly looks like a damn good deal today," Wilson says. "Twenty-four months later we've got a \$10 million earn-in agreement with Barrick, and we've probably only spent about \$300,000 on the projects since acquisition."

The next steps at Copey Hill will be to establish drill targets, Moore says. "I suspect we'll be looking at surface mapping, soil and rock sampling and a ground magnetic program to tighten up things.





Processing facilities at the Pueblo Viejo gold mine. Credit: Barrick Gold.

I'm chomping at the bit to get to work. The unfortunate thing is having these COVID-19 restrictions."

But Moore says the company is using the time to apply for drill permits. It also has the advantage of having its own drill rig, which not only cuts its exploration costs by about one-third per metre drilled, but also gives him more time to select targets.

"We can prospect by drilling a bit rather than having a super tight exploration budget," Moore explains. "From a boots on the ground perspective, we can drill a hole, and I'm not forced to move the drill almost immediately to another spot. We still pay our guys to be around, but I'm not in the nerve-wracking position of trying to save money by immediately moving the drill to another place. I can look at the rock and think about it a little bit."

In addition to its Pueblo Grande and Ponton projects, Precipitate also holds a 12.5 sq. km concession in the western part of the country called the Juan de Herrera project that is adjacent to GoldQuest Mining's (TSXV: GQC) Tiro project, which hosts the gold-copper Romero and Romero South deposits.

As far as a mining jurisdiction is concerned, Wilson says, attitudes towards mining in the Dominican Republic are becoming more positive, as COVID-19 has hit the main drivers of the economy – tourism and manufacturing.

"We've started to see commentary from a number of politicians and media that the Dominican Republic's government is starting to recognize that gold and mining could very well become its lifeblood coming out the back end of this crisis," Wilson says. "When things get back to business,

I think we're going to have a government that is interested in developing the mining industry."

During the first four months of 2020, for example, Barrick Gold paid US\$185 million in direct taxes and US\$9 million in indirect taxes to the Dominican government, Barrick reported on April 24. The payments included advances of income taxes, net profit interest and royalties on the sales of gold and silver paid in the first quarter of the year, as well as the final settlement of the 2019 fiscal year, Barrick said. The payments bring Barrick's total tax payments to the government from Pueblo Viejo to more than US\$2 billion since 2013.

Pueblo Viejo's exports in the three months ended March 31 represented 37% of the country's total exports of national goods. TNM