



Abacus Mining and Exploration (TSX-V: AME) COO Paul Anderson Provides a Thorough Update on the Ajax Copper-Gold Project in British Columbia & the Willow Copper-Gold Project in Nevada

Gerardo Del Real: This is Gerardo Del Real with *Resource Stock Digest*. Joining me today is the President and COO of **Abacus Mining & Exploration (TSX-V: AME)(OTC: ABCFF)**, Mr. Paul Anderson. Paul, how are you today?

Paul Anderson: I'm just fine, Gerardo. How about yourself?

Gerardo Del Real: I'm happy to be chatting with you. We've gone through a bit of a quiet period with Abacus. I maintain that Abacus is one of the best \$0.05 speculations out there for several reasons. That's largely driven by your 20% interest in the Ajax project, and also by the highly prospective Willow property in Nevada.

I want to talk about each of those. But before we do that, I would love for you to provide a brief overview of the Ajax copper-gold project for those that are not familiar with it.

Paul Anderson: Sure, I can do that. It's a good to talk to you as well and provide your listeners with some background here. So the Ajax project was part of a mine that Teck had in the 1970s called Afton. So they had five open pits. The western part of the property is now owned by New Gold, it's in production as the Afton Mine. Abacus has the sort of the eastern side of the property, two old open pits called Ajax East and Ajax West, which is where the name comes for the property.

Abacus basically got involved in 2002 by buying the property from Teck. We spent a number of years exploring the property, making the resource larger, discovering more resources beneath the old open pits. In 2010 we brought in KGHM, the Polish miner, to earn an interest in the property. We felt at the time that we weren't big enough to put it into production by ourselves, and we needed a major to do it.

So KGHM has been involved since early 2010 of the project. They now have 80% of the project. Abacus has 20% carried through to production. So we don't have to put any money for any of the exploration and any of work that's gone on on the project. We're carried right through, which is a good thing for us.

Sort of fast forward to about 2017, KGHM worked on the project over a number of years, put together an environmental application that went to the provincial and federal governments. The long and the short of it is in December of 2017 we got a no from the provincial government on the environmental application. Now we felt that it was basically politically motivated.

There was a new government in power at the time, supported by the Green Party. The new government had basically said to its supporters during the election they were going to shut down a very large hydroelectric project, which had just started when they got into power. They said, "Well, there's been too much money spent on it already, we're going to allow it to go forward." But we felt that they were looking for another project, another large project that they can say no to, and the only one sort of in the pipeline was Ajax.

So we got a no from the provincial government. They basically based the no on lack of agreement with the First Nations groups in the area. There's four main parties involved. We had agreements in place or on the way with three of those parties. The fourth party, the one that was closest to the project, we didn't have anything in place with them yet. We'd certainly been talking to them, but it wasn't finalized. That was sort of used against us in the decision.

Now, the interesting thing is that once the environmental review got going, which went over several years, the finding from the environmental review that went to the government was that there were environmental issues, but nothing that couldn't be mitigated by what the joint venture had proposed.

So it was a technically sound project, it's a large project. We just got caught up, basically, in provincial politics. That's sort of bringing us to the point right now where think the project is back on track again, finally.

Gerardo Del Real: Excellent. Now before you continue, Paul, I want to provide some context in why I say I think Abacus is one of the best \$0.05 speculations out there. You have a market cap of about \$2.5 million Canadian right now. You still own 20% of the project. You mentioned KGHM and the expense on the project that you're carried on.

Can you provide just a glimpse as to how much they've spent on the project, getting it to the point that it's at today?

Paul Anderson: I don't have the figures exact, but I think they've certainly been in the ballpark of around \$200 million that they've spent on the project. So it's quite a significant amount.

Gerardo Del Real: And again, you own 20% of this, and you have a market cap of \$2.5 million. So for all intents and purposes, the market considers this dead, or there's no way that you have a \$2.5 million dollar market cap. Correct?

Paul Anderson: The market does consider it dead and there's some reason to believe that, I think. When KGHM stopped working on the project after the decision, they closed some of the local offices in Kamloops, where the project is located, and they pulled back. They don't have a presence on the project at the moment. I think the feeling from locals and, really, other people in the mining industry that kind of know a little bit about the project was that it was dead.

KGHM had never considered it to be dead. They had just pulled back to their base of operations in Toronto and Sudbury. They've continued to work the project from there. But you're right, our partners that spent a lot of money on the project, it's certainly not reflected in our share price at the moment. You remember that we were trading up quite a high price just before the decision. We've certainly come down quite a long way since then.

Gerardo Del Real: Agreed, agreed. Can you provide an overview of the reserves? I believe it's 426 million tonnes at 0.29% copper, 0.19 grams per tonne gold, and 0.39 grams per tonne silver, I believe. And correct me if I'm mistaken, Paul, I'm working off of memory here. I think it's something in the order of 2.7 billion pounds of copper, 2.6 million ounces of gold, and I think a little over 5 million ounces of silver. Correct?

Paul Anderson: Yeah, you're absolutely right. You must be reading off the same sheet that I have.

Gerardo Del Real: I'm actually working off of memory.

Paul Anderson: Your numbers are pretty good. Your numbers are right spot on. It's a typical porphyry copper deposit that exists in BC and all the way down through the Western US. These tend to be quite large deposits, they're fairly low grade, but they go forever. The mine life right now in this thing is 18 years. There's certainly potential to find more reserves at depth.

So that's an 18-year mine reserve, roughly 65,000 tonnes per day production. Production would be about 58,000 tonnes of copper and 125,000 ounces gold per year. So these are long life operations. Once you find them, they tend to churn out quite a lot of money for a long time. So 20% of this is worth quite a bit of money.

Gerardo Del Real: Agreed. What's the next step? What makes you believe that the project is now back on track and that there is a path forward?

Paul Anderson: Well, we've had considerable conversations with our partner, KGHM, over the last couple of years, almost two years since the project got a no from the environmental approval process. Initially, I think they were a little shocked to have the result come out the way it did. They sort of stepped back for a little while.

Gerardo Del Real: Yeah.

Paul Anderson: We've certainly been trying to engage them over the last year especially, trying to get them back on track, and eventually I think they started listening to us that it was a viable project and they needed to get working on it or they were going to lose the support that they did have in the community as it stands.

We asked them to put a plan into place. We said, "We would like to put out a press release and say that the project is still going or it's back on track." Or something of that nature. But in order to do that, we need some sort of a plan, sort of a rough timeline.

So they've actually sat down over the summer and put that together. I don't want to get into too many details of the timeline because timelines often drag a bit and we're not running the project, but they do have a plan to re-engage First Nations. That's the first thing. Our feeling is that you need First Nations' buy in to these sort of projects. They have to be involved in the project in some sort of meaningful way.

They started that process and it seems to be going very well. If you can get First Nations' buy in, everybody else sort of falls into place because that's the main thing that you need. So that's been happening over the last while, they've been talking, certainly most of this year, to some of the First Nations groups. And again, that seems to be going quite well and there is sort of a plan to reopen the office in Kamloops and to eventually be able to resubmit the environmental application.

There was quite a bit of work done over 6 years on the original environmental application, a lot of engineering work. So all of that information is still valid. To resubmit the application, they would probably have to do some fairly minor modifications in order to resubmit, but the bulk of the work has been done.

So we're quite optimistic that the project is back on track, and it has our partner's attention again, or more of their attention than they had. So we're quite pleased with that and it's nice to see that it looks like the project has a chance of going forward again.

Gerardo Del Real: Excellent. That 20% interest is the flagship, but you also have a very prospective property in Nevada, a project that I visited and I am highly, highly excited to see properly drilled. It always takes longer than we want, but of course I'm talking about Willow.

Can you provide an update on Willow and kind of where things stand there?

Paul Anderson: Yes, absolutely. You were actually our first visitor on the property, which was kind of nice – certainly after we picked it up. So Willow is in the Yerington copper camp, not far from Reno, Nevada.

Yerington is a historic producer. It was where Anaconda Copper kind of got their start with one of their big mines. The area, in past production and current reserves, has something like 33 billion pounds of copper. It puts our Ajax deposit to shame. It's a really prospective area to look.

We made a deal with Almadex Minerals a couple of years ago to pick up their Willow property, and then we've added an adjacent property to it to make it a little bit larger. The thing we like about Willow is that there was always a lot of alteration on the property, and the rocks just look juicy and look good. People had explored in the past and hadn't really found a porphyry copper.

So we got a pretty good porphyry copper expert in there to work the property, do some mapping and sampling. We basically came up with about a 2 by 2 kilometer anomaly, based on geophysics and geochemistry and geology, that looked like it was prospective for porphyry copper.

Now it doesn't outcrop, it's below surface, which is part of the reason it hadn't been found in the past, but we did a bit of drilling last year. We had a very small drill program, and we had problems with the drilling company. They lost, basically, two of the three holes we drilled. The one that we did get down to depth, we hit Luhr Hill granite, which is the host granite of the copper ore bodies in the Yerington camp.

So it's interesting because conventional wisdom was that this granite did not exist on our property, we were too far west, we were out of the main system. We proved that wrong. The other interesting thing is that there's 5 known porphyries in the camp. All of those porphyries are associated with that granite, so you have to have the granite to have a porphyry copper or copper moly ore body in the area. The other interesting thing is that there's no known instance of that particular granite, that particular intrusive that exists in the Yerington camp that doesn't have a known porphyry.

So we've hit the granite. We've got a little bit of what we consider to be really good alteration and mineralization. We think we're right on the edge of something. We need to step out a few hundred meters, probably to the north and west, and drill some more. We've been hit with the poor market in base metals the last little while and have not got back to drilling, but next steps are to go back and do 5 or 6 or 7 holes, and try to find the center of that deposit.

These things tend to be large, like our Ajax project. It does take you a couple of drill hole programs to sort of center into the deposit, figure out where it is. Once you do that, then you start drilling it out and they can become quite large and quite valuable for shareholders and for companies. So that's sort of where we stand with Willow right now. We still like it a lot, as you do.

Gerardo Del Real: Excellent. Now, one of the things that's compelling to me is that since the last time I visited the project, there is now a mine in construction. It's right nearby. Can you speak to that a bit? Because that obviously presents some new infrastructure advantages that didn't exist before.

Paul Anderson: Yeah. There's a number of big deposits that have never been developed in the camp for one reason or another. But Nevada Copper is putting their Pumpkin Hollow deposit in. It's a skarn deposit. It's part of the same porphyry system, but it's not a porphyry, per se. It's a little bit different than our deposit. So they tend to be fairly high grade.

Pumpkin Hollow is an underground deposit, primarily. They're going underground first and then they have a plan to develop a number of open pits in the area, which is a bit backwards to what some people usually do, but they have a resource of about 570 million tonnes of 0.4 copper. So that's going to be a significant new project. It was supposed to be in commercial production this month, I think it's been pushed back a little bit, but they're basically on the cusp of production.

The other things happening in the camp right next to us was a property that was owned by a Mason Resources with the Ann Mason deposit. It has a resource of basically 1.4 billion tonnes at 0.3 copper. It's covered with some barren rocks, so it hasn't been developed in the past. But interestingly enough, late last year, Hudson Bay, or Hudbay, bought that company for that

project. So they've been working away and it looks like that could eventually go into production.

The other one in the area is Quaterra Resources that have a number of undeveloped or partially developed deposits, including MacArthur and Bear, and they're working on a pre-feasibility for MacArthur.

So it's a pretty active little area. It's not a very big area, but it's a pretty active little area for copper at the moment.

Gerardo Del Real: Well, Paul, I want to thank you for the update. I know sooner or later you will have to raise capital. I also know that behind the scenes you have received interest for both your 20% ownership of Ajax and I believe you can earn up to 70% of Willow. Is that accurate, Paul?

Paul Anderson: Yeah, 75% of Willow. We have an initial deal that we earn 60%, and then we can take it up to 75.

Gerardo Del Real: Right. So I know you have interest for both of those projects. I'm a shareholder, I'm biased, I've been writing checks since I don't know when. I will continue to do so in the near future, if that's what it takes to see a drill program at Willow and hopefully continued progress at Ajax.

With a \$2.5 million dollar market cap, it's a heck of a speculation, especially if you are bullish on the mid to long-term prospects of copper as I am. Anything you'd like to add, Paul?

Paul Anderson: No, I think you've pretty much covered it, Gerardo. And I thank you for your support. And I agree, we're certainly priced at pretty much a historic-low level in shares. That basically speaks to the copper market right now, which was supposed to be booming now, but has been pushed back a couple of years. I think it's going to come. I think it almost has to come.

If you look at any of the projections in terms of copper demand and falling copper production, I think it has to go up. So we'll get a good market for copper eventually, that's a good thing. In the meantime, Ajax is back on track. It's a copper and a gold project. It's got a significant amount of gold in it. So with the price of gold, that's a good thing at the moment.

Gerardo Del Real: Agreed, agreed. Paul, thank you very much.

Paul Anderson: Well, thank you. Thank you for your time, and I appreciate it.

Gerardo Del Real: I hope we're chatting a lot more frequently,

Paul Anderson: So do I.

Gerardo Del Real: Thanks, Paul. Take care.

Paul Anderson: Okay, will talk to you again. Thanks.