



Abacus Mining & Exploration (TSX-V: AME) President Paul Anderson on Newly Acquired Jersey Valley Gold Project in Nevada & Progress at the Ajax

Interview Date: October 28, 2019

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 this morning?

Paul Anderson: I'm very well. Thank you, Gerardo. How are you?

Gerardo Del Real: I am well, thank you for asking. You and I spoke a little under a month ago. The last time we spoke, Paul, we chatted about the progress at Ajax, which looks like it now has gained some traction. That's moving forward. That's a positive, but that's really a long-term play, we know the quality and the merit of the project. We know the attention it's received in the past. We also know that it was permit challenged, and that it appears there may be a path forward there.

We talked a bit about Willow, and you mentioned, you hinted that you were still looking for a quality gold project in a good jurisdiction. It appears you got one of those. Can we talk about Jersey Valley?

Paul Anderson: Yes, absolutely. We made an announcement recently that we picked up the Jersey Valley project. It's in the Battle Mountain area of Nevada. The reason we've done this is we have quite a bit of experience within the company in gold, past experience.

Mike McInnis, our Executive Chair, used to run Gateway, which had gold properties in Nevada. Mike and I jointly ran Riverstone, which had properties in West Africa in Burkina Faso. We actually discovered about a 3.5-million-ounce deposit there which got sold onto True Gold and then taken over by Endeavour. It's in production now. So we know the gold space.

We've been looking for a while for a new property, and we've been looking mostly in Nevada. We just like the potential of Nevada overall. Jersey Valley is basically very close to a couple of very large mines. One is known as Phoenix Fortitude, which has past production of around 14

million ounces gold. They've recently put in an application to extend the mine life out to 2063. So it's a large low-grade deposit, typical of a lot of the Nevada stuff, but it's a large deposit by anybody's estimation.

We're also very close to the Cove McCoy deposits, which had basically about 4 million ounces of past gold production. That particular deposit used to be part of the Gateway projects about 10 years ago. Gateway, by the way, got sold on to Victoria Gold in 2008, so it's part of that group now.

We went looking for a good project, and we looked at a whole bunch of things and we just settled on Jersey Valley. One of the interesting things about Jersey Valley is that it's basically in an area that didn't have any claims staked. So we entered into a deal with a private Nevada company to take the project on. Then we pretty much immediately expanded the size of the claim group. So that's what we did, last week we announced that.

In terms of the geology, it's kind of an interesting area. It's a basin and range, so if you think of the basins as the valleys and the ranges as the hills.

Gerardo Del Real: Right.

Paul Anderson: On the Jersey Valley property the range is marked by a series of intrusive rocks and then the valley is just sort of flat pediment covered, you don't see very much in it. The contact between intrusives and the pediments is marked by a breccia zone where past people on the property who worked the property, have found some pretty good gold and silver values.

I think they found up to about 5.8 grams per tonne gold and 114 grams per tonne silver in chip sampling in that area. There's one drill hole in the area that intersected about 0.6 grams gold over 40 feet, including 2 grams gold over 2 feet. So that's encouraging. That's sort of one of the targets on the property. The other target is out in the pediment in that flat covered area. So there's no outcrop up there except for this sinter zone.

Gerardo Del Real: Got it.

Paul Anderson: So the sinter zone is basically, if you think of something like Old Faithful in Yellowstone park, this is the surface expression of a hydrothermal system. It's sort of sitting out there by its lonesome. Past operators have done a bunch of drilling, some really wide-spaced drilling in the area and they've come up some very interesting results. A lot of it is not economic in terms of gold and silver values.

But there's anomalous gold in all of those drill holes and you see things like arsenic and mercury and elements like that that are consistent with a geothermal source. So what we think that we're looking at is the sinter is the top of some sort of a hydrothermal system and down below is the good stuff that we're going after.

The previous drilling in the area, I guess the best result in that pediment area is 245 feet of 265 PPB gold, and over 3,000 PPB silver. It's not economic in gold, it might be in silver, but those are pretty good results.

What we've noticed is that all of the drilling that's done in that area was very shallow. It only went down to maximum of 100 meters depth. Most of the drill holes ended in better mineralization. So the values were getting better towards the end of the hole. So we really think that we're sort of sitting on top of a system that has some potential at depth. It just hasn't been drilled very deeply, and we just like the looks of it, all the things that we've looked at.

The past operators have done quite a bit of geochemistry and geophysics and a little bit of wide-spaced drilling, enough to get us interested and think that it's a pretty good target. So that's sort of the synopsis on Jersey Valley.

Gerardo Del Real: So let me ask you this, Paul, and I'm going to play devil's advocate here for my subscribers and readers and for myself frankly. I'm a shareholder. As you know, I've written checks at \$0.30 and \$0.20 and \$0.10 and \$0.05. And probably will be writing another one here at \$0.05.

I know how selective you and the Executive Chairman Michael McInnis are. Is this property one that you're looking to advance because of the merit or is it a project that you're bringing in – and again, I'm playing devil's advocate – because we have a strong gold market and you just wanted a gold property in the portfolio.

Paul Anderson: Well, I guess it's a bit of both. I mean, we really like the project. We're going to advance it certainly. We'd been looking for some time for gold projects to put into the portfolio really before the gold market took off.

As you know, we're concentrated on copper with Ajax and the Willow project. We wanted to sort of get something else in the portfolio, gold and copper sort of go together. Our Ajax property is gold and copper. In the right gold market it could be a gold project.

We were looking for a good gold project. We've looked at a whole bunch of things. We're actually still looking at a number of other projects to maybe put into the portfolio yet. So there may be some more news coming on that. The nice thing is that the gold market has taken off. My feeling is that gold is going to take a bit of a run for a few years. It certainly looks like it. So it's a good place to have at least one gold project in the portfolio. So that's sort of the thinking along those lines.

Gerardo Del Real: Excellent. You mentioned previous operators drilling to approximately 100 meters, so I'm assuming that the play is to obviously be able to properly test this you're going to have to go deeper than that. Right?

Paul Anderson: We're going to have to go deeper than that, yeah. There's a MAG target that underlies the sinter zone, which is sort of the area that looks the most interesting. So it covers part of the intrusives and it covers part of that pediment area, that flat valley area. Within that

target, there's only what, half a dozen drill holes, very, very shallow. Most of them went sort of 50 meters depth. They're very widely spaced.

Our feeling is that target hasn't been really properly tested and to our mind that MAG low represents alteration. So you've got fluids running through the rocks, they're altering it. They're opening things up, they're bringing in gold and silver mineralization. So we really think that that's pretty much an untested target, but it certainly will be low, go over sort of 50 to 100 meters.

Gerardo Del Real: Let's talk about the terms of the deal. I understand the letter of intent was signed with a private company out of Nevada and it provides a 15-year lease with actually no work commitment for the first 3 years. Is that accurate?

Paul Anderson: No work commitments at any time.

Gerardo Del Real: At any time.

Paul Anderson: No work commitments at any time. So the terms of the deal, it's basically a lease. We pay the operator X number of dollars every year to be able to work the property. Anytime within that 15 years we can buy the property out completely. We give him a royalty. Any of the money that we spend on the property, the lease payments are credited against that royalty as well. So we get some of that back if the thing was to go into production.

The first three years our lease commitments are \$85,000 US, which is pretty reasonable. And with no work commitments, we don't have a lot of money that we need to spend on the property, although we're certainly intending to get out there and hit it pretty hard soon.

Gerardo Del Real: And with this 15-year lease, can that convert into the option to own the majority or all of the project? I'm assuming that's the case.

Paul Anderson: Yeah, it's certainly a buyout. We don't earn anything unless we buy the property out. So any time within that 15 years we can exercise the buyout, then we own it 100%.

The other thing I forgot to mention of the property, which is kind of interesting, is that the property has great access. It's less than an hour drive out of Battle Mountain. Battle Mountain is a small town in Nevada, mining town, lots of services, lots of hotels and restaurants and that sort of thing. There's a good road that leads through the property. It's kind of a partially sealed road.

It leads to a geothermal hydro plant that is set up on the property. It's just on the edge of the claims. I think the plant went into production maybe around 2010. So it produces about 50 megawatts of power and feeds into the grid. A lot of people talk about having power nearby or they can get power and that sort of thing. Well we have power on site, which is kind of interesting.

Gerardo Del Real: Excellent. We just chatted earlier this month. So I won't belabor the point too much. But Willow and Ajax, anything to add there?

Paul Anderson: Well, things are moving forward. I mean we're still trying to advance Willow in sort of a tough copper market at the moment. We think that's going to improve, but at the moment it is tough slogging with copper stories.

Ajax is coming along. Our partner is still continuing to make progress engaging some of the local stakeholders, particularly First Nations groups. That's sort of the key for the project is to get people back on site. The project's kind of been revitalized lately and we're happy with what our partners are doing to date.

Gerardo Del Real: Excellent. And again, not to belabor the point too much. But Willow?

Paul Anderson: Willow, we're still advancing it. The next steps on Willow are basically to do some more drilling. The last drilling we did we discovered an intrusive, which is the source of all the porphyry coppers in the camp.

The interesting thing is that you need that intrusive to have a porphyry deposit in the Yerington camp. The flip side of that is there's no known instances of that rock type that don't have a known porphyry attached to it.

So this is kind of a brand-new discovery. We had some problems with the drilling company that we used last time. We really only got one real hole into it, so it remains pretty much untested. But we have a large 2 by 2 kilometer anomaly there marked by favorable geochemistry, favorable geophysics. Next steps are to get in and do a decent size drilling program on that project. We still like it a lot. We're still looking forward to getting back and doing some more testing.

Gerardo Del Real: Like many companies, looking for a better environment to do that in. Correct?

Paul Anderson: Absolutely. Absolutely. In the meantime it looks like we've got a bit of a gold market. We'll use our talents elsewhere for a little bit of time on the Jersey Valley, but we certainly haven't forgot Willow.

Gerardo Del Real: Excellent. Paul, thank you so much for the thorough update. I appreciate it and I get the feeling we'll be chatting soon. I see you busy behind the scenes. That usually it tends to lead into additional projects. I know you're still looking, I know the Rolodex is quite heavy there, so fingers crossed we get a better market in 2020, which I anticipate.

Paul Anderson: Well I do, too. I'm looking forward to that as well. We have been actively looking at new gold projects for probably 4-6 months at the moment. We've looked at a bunch of things. We sort of settled on Jersey Valley but we still have our eye on a number of other possibilities so there could be more news on that front to come.

Gerardo Del Real: It's a good time to bring in projects. It's a tough market out there.

Paul Anderson: Absolutely. The best time to do it is when other people are not looking or when the market is not paying attention. The market took off a few months ago, settle back a little bit. It's still a good time to pick up projects and I think it's going to take off again.

Gerardo Del Real: Excellent. Paul, thanks again.

Paul Anderson: Thank you, Gerardo, and you have a good day.

Gerardo Del Real: You as well.