Prime Mining hits the ground running in search of gold and silver in Mexico

Prime Mining Corp. (TSXV: PRYM) is an ideal mix of successful mining executives, strong capital markets personnel and experienced local operators who have combined to build a new and near term gold and silver producer at the historically productive Los Reyes Project in Sinaloa, Mexico. The Project has a historical resource containing significant amounts of gold and silver at reasonable grades.

The Los Reyes Project – Sinaloa, Mexico

Prime Mining recently acquired the rights to earn a 100% interest in the Los Reyes Gold Project (formerly known as Guadalupe de los Reyes). The rights were acquired pursuant to a definitive assignment and assumption agreement with Minera Alamos Inc. and Vista Gold Corp.

Note that the Guadalupe de los Reyes underground mine opened in the late 1800s and to-date is the most significant source of gold production in the district. It is estimated to have produced 500-600,000 oz of gold and 40M oz of silver at reported grades of +10 g/t Au and +500 g/t Ag.

The Los Reyes Project location map – Sinaloa, Mexico
The Los Reyes historical resource (not yet 43-101 compliant)

The historical resource estimate has 380,100 ounces of contained gold Indicated (grading 1.72 g/t Au), and 155,200 ounces of contained gold Inferred (grading 1.49 g/t Au). Added to this is ~6.3m ounces of contained silver Indicated (grading 28.71 g/t Ag), and 3.64m ounces of contained silver Inferred (grading 34.87 g/t Ag).

Andrew Bowering Company CEO said: “Los Reyes is an exceptional opportunity for exploration and potential development poised to fast-track through a Preliminary Economic Assessment (PEA)
with a construction decision based on low capital expenditure and reduced technical risks.”

Prime Mining state that their project has 10 kilometres of undrilled strike length and at least 8 additional exploration targets.

Previous work at Los Reyes includes:

1. Over 46,000 meters drilled on 493 holes.
2. The location and layout of open pits on five deposits has been established.
3. Metallurgical tests show heap leach recovery as a viable option.
4. A leach pad has been sited and designed to pre-feasibility standards.

Next steps

Prime Mining will work to complete the Feasibility Study while continuing to drill and further expand the resource, at the same time also exploring for new targets on the property. Prime Mining is committed to planning, developing and running a gold and silver mine on the Los Reyes Project in Sinaloa, Mexico, all within 2 years.

Prime Mining Corp. envisions a simple heap leach operation with the potential to significantly lower capital costs and shortened the time line to production. On-track to become a heap leach mine in 1998, the Los Reyes project was mothballed when gold prices dropped.

The various mineralized zones and target sites at the Los Reyes Project
Los Reyes financing details

To acquire Minera Alamos interest at Los Reyes, the Company completed a cash payment of US$1,500,000 to Minera Alamos, to reimburse them for the cost of an option payment made to Vista Gold, and will assume Minera Alamos remaining option payments of US$3,000,000 in favor of Vista Gold.

The Company has issued Minera Alamos 9,450,000 post-consolidation common shares and 3,350,000 common share purchase warrants. This will entitle them to acquire further post-consolidation common shares at a price $0.50 per share for a period of twenty-four months. In connection with this transaction, Prime Mining Corp. has completed a non-brokered private placement of 29,051,327 units at a price of C$0.30 per Unit, for gross proceeds of C$8,715,398. The proceeds from the Financing are intended to be used to advance exploration and development at Los Reyes, and to satisfy working capital requirements of the transaction.

Certainly Prime Mining Corp. has hit the ground running. Assuming they can continue to have exploration success a positive PEA should soon follow. Beyond that is the timeline of a production decision by 2021, which if successful, opens the possibility to gold production shortly thereafter. The
ideal mix of successful capital markets mining executives and experienced local operators, is positioning Los Reyes to be an advanced, cost effective opportunity poised for rapid advancement as a mid-term gold producer at the historically productive Los Reyes Project in Sinaloa, Mexico.

Prime Mining Corp. is headquartered in Vancouver, Canada; and has a market cap of C$8 million.