

# Otis Gold – Another Sign of Idaho Rising

Idaho is rarely central to the consciousness of anyone except those in the potato trade, however, it has been popping up on our radar with increasing frequency of late. First there was Midas Gold with their much talked of, and evocatively named Stibnite Gold project (with maybe Antimony in the mix) and more recently the Salmon Cobalt project of Formation Metals and now Otis Gold with their portfolio of gold projects in the state. Too much more of this and Idaho will be better known for mining than potatoes.

All of these we have discussed here over recent years (except Midas Gold) and Otis Gold, so in the interest of “collecting the set” we shall review here the plans Otis has to move from explorer to producer and move Idaho up the ranks of mining states.

## Some Background

Otis Gold Corp. (TSXV: 000) is a Canadian-based mineral exploration company with a portfolio of quality precious metals projects located in Idaho. It is currently focused on exploring the Kilgore Gold Project, located in Clark County Idaho, approximately 60 miles north of Idaho Falls.



The property's initial discovery and earliest known gold exploration and production work was reported to have been in the 1930's by the Blue Ledge Company. Evidence of their activity consists of several underground adits, prospect pits, and a mill foundation, though there is no record of gold production from this period. Six different companies have explored the Kilgore property in modern times, beginning with Bear Creek Mining in 1983, followed by Placer Dome U.S.,

Pegasus, Echo Bay Exploration, Latitude Minerals, Kilgore Gold, and Otis Gold.

Indeed, Echo Bay developed a plan to put the Kilgore deposit into production as an open-pit mine, based on a potentially mineable resource of 11mn tonnes @1.28 g/t and a LOM of over six years based on production rate of 4,700 tpd (45,000 oz Au per year).

## **Geology**

The Kilgore deposit is located on the northeast margin of the Miocene-Pliocene Kilgore Caldera complex located in the eastern part of the Snake River Plain. The plain is a depression of low topographic relief that extends 600 km across southern Idaho. The plain is the most prominent Cenozoic feature in the state of Idaho.



The Kilgore project, located on the edge of the Kilgore Caldera, is a volcanic-hosted epithermal gold deposit related to a zoned epithermal hot-spring system in volcanic rocks of Miocene age. Gold mineralization appears to be localized by west-, northwest-, and northeast-trending structure. The deposited is hosted within sericitized, silicified and quartz-stockwork veined lithic tuff, dike and silicified clastic sedimentary rocks.



## **Past Work**

The major gold explorers we mentioned before spent more than \$8 million for property acquisition, drilling (197 holes drilled totaling 38,531.9 meters), geophysical and geochemical surveying and metallurgical testing on the project from 1983 to 1998. An extensive airborne geophysical survey was completed in the fall of 1996 which identified a number of

strong anomalies which are coincident with the large geochemical soil anomaly.

In the fall of 2003, Kilgore Minerals (from which Otis acquired the property) carried out a program of geologic mapping, surface sampling and structural interpretation on the property. This field work resulted in a better understanding of the structural fabric and controls of the gold mineralization. In 2004, the Kilgore Minerals carried out a diamond drill program of six holes for a total of 1,620 meters. The drill program discovered a 10-foot high-grade gold section of 14.5 g/t Au within a 170-foot zone of low-grade gold mineralization (1.25 g/t Au).

Otis has been active on the property since 2008. As part of its 2008 work program, Otis permitted 20 drill sites under Plan of Operations with the US Forest Service and completed 4 core holes totaling 635m at the Mine Ridge. All holes were found to be mineralized which prompted further work. In 2009, Otis completed 12 core holes totaling 3,100m at Mine Ridge and conducted an 8.5 line km CSAMT geophysical survey at Dog Bone Ridge.

Work undertaken in 2010 consisted of approximately 6,300m of drilling using two drill rigs to test and expand the Kilgore Deposit in the Mine Ridge area. The company also completed an Environmental Scoping Study, which indicated there are no impediments to permitting an open-pit heap leach operation at Kilgore.

In 2011, Otis drilled 9,320-metres into the Kilgore Deposit area. Highlights included intercepts of

- 3m @ 0.89 g/t Au including 80.8m @ 1.10 g/t Au in hole 11 OKC-258
- 8m @ 0.89 g/t Au, that includes 36.5 m @ 1.65 g/t Au in hole 11 OKC-259
- 8m of 1.05 grams per tonne gold (g/t Au), along with an

additional 15.2m of 1.39 g/t Au, in hole 11 OKC-265, located on the southern margin of the deposit

- 6 m of 0.70 g/t Au in hole 11 OKC-281
- 5 m of 0.68 g/t Au in hole 11 OKC-280,

The last two were both located in the deposit's newly discovered, open-ended northwest extension where ore-grade intercepts in excess of 100-metres thick were discovered.

Soil geochem data collected showed a strong and significant linear gold-in-soil anomaly that very closely lines up with the trace of the Northwest Feeder Fault that controls the overall northwest trend of the deposit. The anomaly extends the target a minimum of 400 metres in the northwest direction. These trends are considered by the company to have the potential to extend and expand the existing deposit by more than 30%.

## **The Resource**

The Kilgore Gold Project has a NI 43-101 compliant resource of 520,000 ounces of drill-indicated gold (27.3 million tonnes @ 0.59 gpt Au, 0.24 gpt Au cutoff) and 300,000 ounces of inferred gold (20.2 million tons @ 0.46 gpt Au, 0.25 gpt Au cutoff).

<b>Resource Category</b>	<b>Tonnes (MM)</b>	<b>Grade Au (opt)</b>	<b>Grade Au (gpt)</b>	<b>Contained Ounces Au</b>
Inferred	27.3	0.031	0.59	520,000
Indicated	20.2	0.028	0.46	300,000

The grim times in the mining space reduced the pace of work and the company battened down the hatches to ride out the storm.

## **Conclusion**

A few months back a pure exploration story no matter how well positioned would not have been given much airtime but the

serially battered participants in the mining investment space. It is surprising how sentiment has turned on a dime and now the hunt is on for “pipeline” stories. By this we mean those companies a few steps back from the production decision that will be needed to provide a future for the mining industry. The massive underinvestment in exploration in recent years and the brutal attrition of listed juniors means the projects for the future are rarer than they have been since before gold moved above \$400 so long ago.

Also the company’s production plans remain nebulous but they do at least have a tentative timeline which is more than the perpetual explorer group ever get around to doing.



Otis has been a market-induced semi-slumber since 2012 but has fortunately survived to fight another day. Now the key will be to see how fast it can follow in the footsteps of Echo Bay and come up with a mine plan to charm a market that will still be production-oriented, though more tolerant that the production is not tomorrow.