

New drill and bulk sample gold results to drive updated resource estimate for Granada Gold

Initial bulk sample returns 55.6 grams per tonne native gold

Granada Gold's summer drilling program is coming to an end with drill results and larger bulk sample results expected to follow. Given some of the past high-grade results, such as the recent small bulk sample returning 55.6 g/t native gold, investors are looking forward to the results of the new exploration with anticipation.

Granada Gold Mine Inc. (TSXV: GGM | OTC: GBBFF) ('Granada') 100% owns the approximately 1,400 hectare Granada Gold Property, which includes the former Granada Gold Mine which produced more than 50,000 ounces of gold in the 1930s before a fire destroyed the surface buildings in 1935. Historic underground production between 1930 and 1935 from two shafts in the area had an average grade of 9.7 g/t gold and 1.5 g/t silver. About 80% of Granada Gold's potential 5.5 km east-west strike length remains unexplored, leaving plenty of room for future exploration expansion.

Investors familiar with gold know that the 'Cadillac Break Trend' in Quebec, Canada, is possibly the best gold address in the world, producing more than 75 million ounces of gold over the past 100 years, and the immediate area has produced over 140 million ounces of gold.

Preparatory work for bulk sampling at Granada Gold Property –

Spring 2020



Source

First small bulk sample result – August 2020

In recent news Granada announced a small bulk grab sample reporting “**55.6 grams per tonne native gold** from 1,220 kilograms of mineralized material taken from surface over a 3-meter strike length on Vein No 1 structure where diamond drill hole GR-19-A intersected 11.45 g/t gold from 0 to 33 metres core length.”

Anything above 5 g/t is considered high grade, so 55.6 g/t is an impressive result and may bode well for larger bulk sampling in the area. Also it is worth noting that due to using conventional gravity concentration only native gold was recovered and quantified. The gold-bearing sulfides were not recovered. Native Gold is the natural gold to the area and does not include the gold found in the sulphide deposits. The native gold component has been defined for the Granada Gold Mine to represent an average of 50% of the recoverable gold from the mineralized deposit.

Granada Gold President and CEO, Frank J. Basa, comments: "A bulk sample is to be taken at this location to further quantify the grade of the mineralized material. The company is awaiting quotes from local contractors to take this bulk sample," with the bulk sample to be processed at Temiskaming Testing Labs in Cobalt, Ontario.

Drill results expected soon

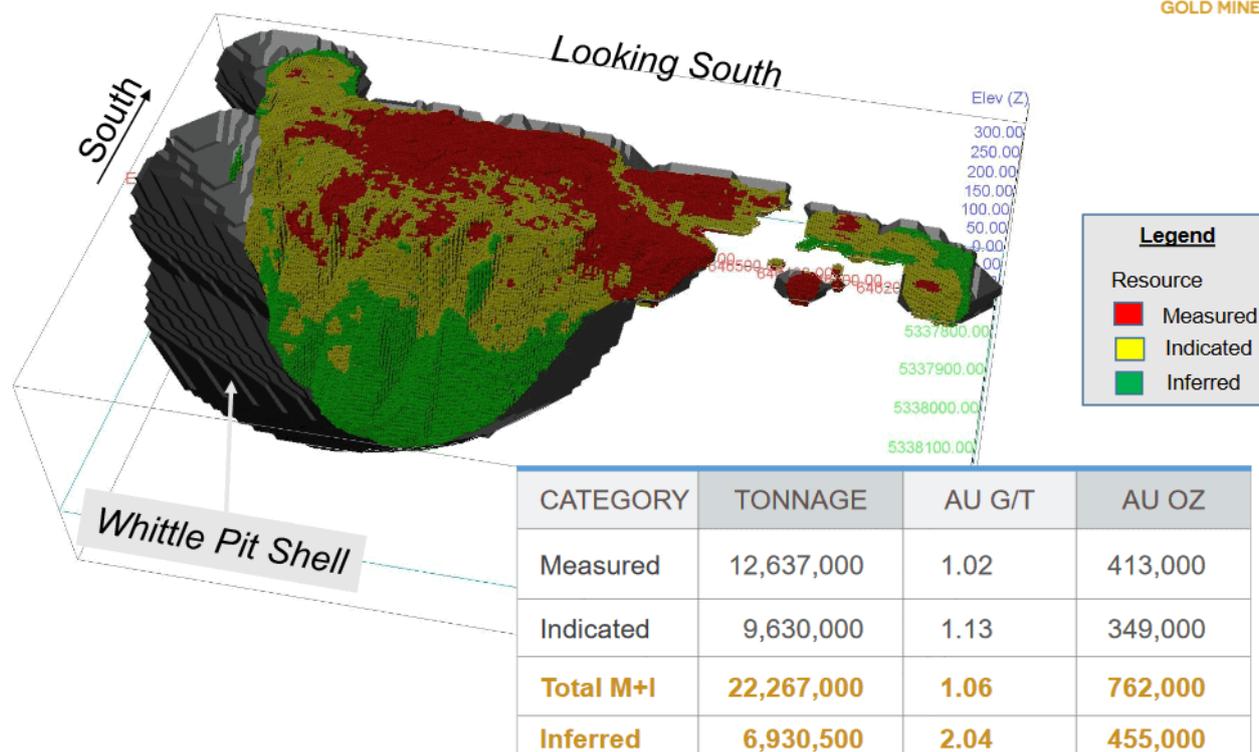
Drill results are pending from Granada's summer exploration campaign (June through August, 2020). Granada is focusing on the high-grade Vein No 1 structure. The mineralized structure has been traced on surface for over 115 meters on east-west trend by stripping. The structure extends over 500 meters when connected by the pierce points with the drill holes. Drill results reported in January, 2020 returned **11.45 g/t gold over 33 meters** which sent the stock price up 62.5%.

Granada Gold's existing resource and an updated resource on the way

In February 2019, the Company filed a NI 43-101 compliant technical report announcing an updated pit constrained resource estimate of **762,000 ounces of gold @ 1.06 g/t Au** in the Measured and Indicated categories, plus 455,000 ounces of gold @ 2.04 g/t Au in the Inferred category.

Granada Gold's 2019 NI 43-101 updated pit-constrained Resource estimate (surface pit only)

Granada Gold – Whittle Pits and Current Resources



Source

In July Granada announced that it had retained Innovexplo to update their 43-101 Resource Study at the Granada Gold Mine property. Granada is currently drilling key holes aimed at increasing underground resources quality below existing pit constrained mineral resources, which is intended to augment the revised resource estimate now underway. Granada’s President and CEO Frank J. Basa explained that the company “decided that a revised 43-101 should be undertaken at this stage to better reflect the potential of the resource.”

Closing remarks

What has caught the market’s imagination is Granada Gold’s potential for a very low cost shallow starter open pit gold mine with already good grades, with the possibility of resource expansion and higher grades from additional exploration. Most open pit gold mines today are in the 0.5-2.0 g/t range, and Granada’s un-updated resource estimate already puts it comfortably in that zone. The CapEx for this starter

pit is estimated at only C\$6.7m and assumes the processing would be done at a nearby mill. Before that happens Granada Gold needs to further prove up the resource, which is what they are working on now with additional bulk sampling and drilling.

Open-pit permits are already in place for a “Rolling Start” 550 t/day operation by Granada. Milling may be done locally or perhaps on site if funds were raised to support this. Infrastructure is excellent with proximity to 10 gold mills, an established mining labor market, and the electrical grid nearby. Management is very experienced and has stated a goal for further resource expansion and plans for scalable possible future production.

It has taken 10 years for Granada Gold to get to where they are today, so patience may be the key for current investors. The good news for new investors is that most of the hard work has been done and a small scale starter pit operation may not be too far away now. With a current market cap of just C\$21m, there appears to be room to grow, especially with gold at US\$1,940/oz.

Disclosure: The author is long Granada Gold Mine Inc. (TSXV: GGM)

The power of two – Treasury Metals harnessing gold project synergies

Combined district-scale Goliath-Goldlund Gold Project

There is an old saying that the best place to put a gold mine is next to another gold mine. When miners can consolidate adjacent or nearby gold assets, it can present co-development opportunities which typically reduce costs of production due to synergies. With the gold price still hovering near a record high (currently at USD 1,946/oz) any gold mining junior that can advance to production rapidly is likely to do well. Today I look at one company that is doing just that – combining two gold projects for rapid co-development towards production.

Treasury Metals Inc. (TSX: TML | OTCQX: TSRMD/TSRMF) is focused on gold and is developing their Goliath and Goldlund Projects in Ontario, Canada. The company recently acquired the Goldlund Gold Project and is moving towards the development phase of an integrated Goliath-Goldlund Project. Treasury Metals has two other early stage gold exploration stage projects named Weebigee and Gold Rock, both in Ontario, and an early exploration stage Lara Polymetallic Project (Au, Ni-Cu-(PGE), Cu-Zn-Pb-Ag) located in British Columbia.

Treasury Metals Inc.'s gold projects in Ontario Canada



Source

Treasury Metals say that they have “one of the largest undeveloped gold assets in Canada”, so let’s take a look at their flagship, newly combined, development stage asset, the Goliath-Goldlund Project.

The Goliath-Goldlund Project

Located only about 25 km apart with a 2 km distance between the boundaries, there is significant opportunity for operational synergies with the Goliath-Goldlund deposits.

With an M&I Resource of 1.23 Moz @ 2.36 g/t AuEq and an Inferred Resource of 0.23 Moz @ 3.51 g/t AuEq, Goliath is a 50 km² tenement suitable to open pit and underground mining. The Goliath Gold Project has received environmental assessment approval by the Government of Canada and provincial permits are advancing.

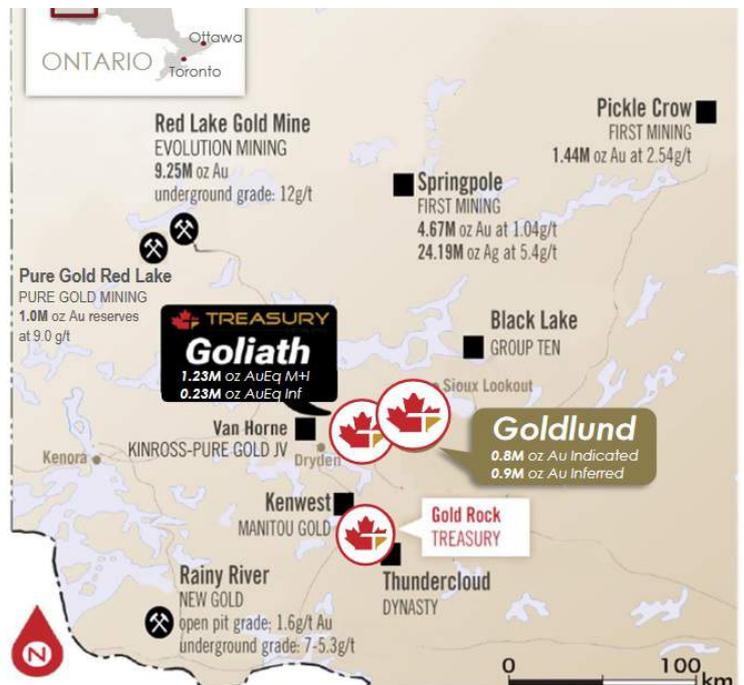
Goldlund is a 280 km² tenement with open pit potential with an Indicated Resource of 0.81 million oz @ 1.96 g/t Au and an

Inferred resource of 0.88 million oz @ 1.49 g/t Au. The newly acquired Goldlund Project gives Treasury Metals exposure to a large and highly prospective land package with further resource expansion potential.

As shown below this region of Ontario has already proven successful for other companies with multi-million ounce gold discoveries.

Together the projects have ~2.0 Moz Au in the M&I resource categories, and ~1.1 Moz Au in the Inferred resource category

- Nearby town of Dryden (population 10,000) with an **experienced workforce**
- **First-rate infrastructure** includes hydro power, natural gas, CP Rail and the Trans-Canada Highway
- **Extensive prospective strike length** at both properties, with strong potential to continue resource expansion in parallel with development



Source

The combined Goliath-Goldlund Project now has a total combined property size of 320 km² with a 65km potential strike zone. Goliath and Goldlund are reported to have similar metallurgical properties creating the potential for shared processing infrastructure, as Goldlund is within trucking distance of a potential operation at Goliath. Treasury Metals is expecting to achieve other synergies such as unit operating cost reductions and optimizations anticipated as a result of greater open pit mining focus.

Local infrastructure is excellent being in the middle of an existing mining district in Ontario. There is excellent access to the Trans-Canada Highway, related power and rail infrastructure, and nearby towns for labor.

Next steps

Treasury Metals is now working on a PEA for co-development opportunities for the Goliath-Goldlund Project. This will include optimization of the mining sequence for processing throughput and envisions initial production from Goliath Open Pit, followed by integrated production from underground and Goldlund Open Pit once fully permitted (a 2-3 year time frame expected). Meanwhile the company expects to continue exploration to grow and better define the resource and progress the construction permitting process. In particular, the company plans to drill the promising Miller Prospect.

Strategy

Treasury Metals strategy is to implement the successful 'Hub & Spoke' model. This means having an initial mining 'hub' at the Goliath Open Pit (1st phase production) and Underground (2nd phase) location, then later followed by adding the 'spoke' at Goldlund Main Open Pit (3rd phase), with the potential of subsequent satellite deposits such as the Miller Prospect (4th phase).

Closing remarks

The new larger Treasury Metals looks well equipped to rapidly advance towards production. With a healthy current market cap of C\$163m (and C\$8m of cash) Treasury Metals has already attracted much attention, with investors anticipating the company progressing rapidly towards a strong PEA, potential resource growth, and becoming a mid-term 'open-pit' (and hopefully low cost) producer. We will know a lot more on the economics after the PEA is released.

Investors should also keep in mind that Treasury Metals has two other gold projects in Ontario and what looks to be a promising poly-metallic project in BC. Certainly analysts see further possible upside with a price target of C\$2.27 from the current stock price of C\$1.50.