

Zinc One Resources – Where Grade is King

A year ago one could have quoted The Rime of the Ancient Mariner to describe the hunt for a worthwhile Zinc story in the overcrowded mining equity markets of the main mining nations “Water, Water everyone and not a drop to drink”. Ten years of lousy Zinc metal prices and the even the tentative recoveries capped at around \$1.10 per lb had sapped the energy of investors and even of the most die-hard promoters. Zinc was in the doghouse... Indeed locked in the kennel.

The Deal with Forrester Metals

In February 2017, Zinc One Resources Inc. (TSXV: Z) entered into a binding agreement whereby the company agreed to acquire all of the issued and outstanding common shares of Forrester Metals Inc. This finally closed in May of this year. The name of the target struck us as novel, then some digging revealed that it was the old Vena Resources that we had known back in the glory days of last decade. The takeover offer was one common share of Zinc One for every 5.5 common shares of Forrester. It's worth noting that Zinc One had only taken on its current guise as a Zinc developer in FY17 as it had previously been called Rockridge Capital and been focused on a gold property in Mali.

Via the merger with Forrester, Zinc One acquired the Bongará zinc-oxide deposit and the adjacent Charlotte Bongará zinc-oxide project, subject to a 2% net smelter return royalty. This is the first time that these two projects have been controlled by a single operator. Zinc One's object in consolidating these assets is to delineate a substantial high-grade, zinc-oxide resource along a 4km-long trend.



The Bongará Zinc Mine

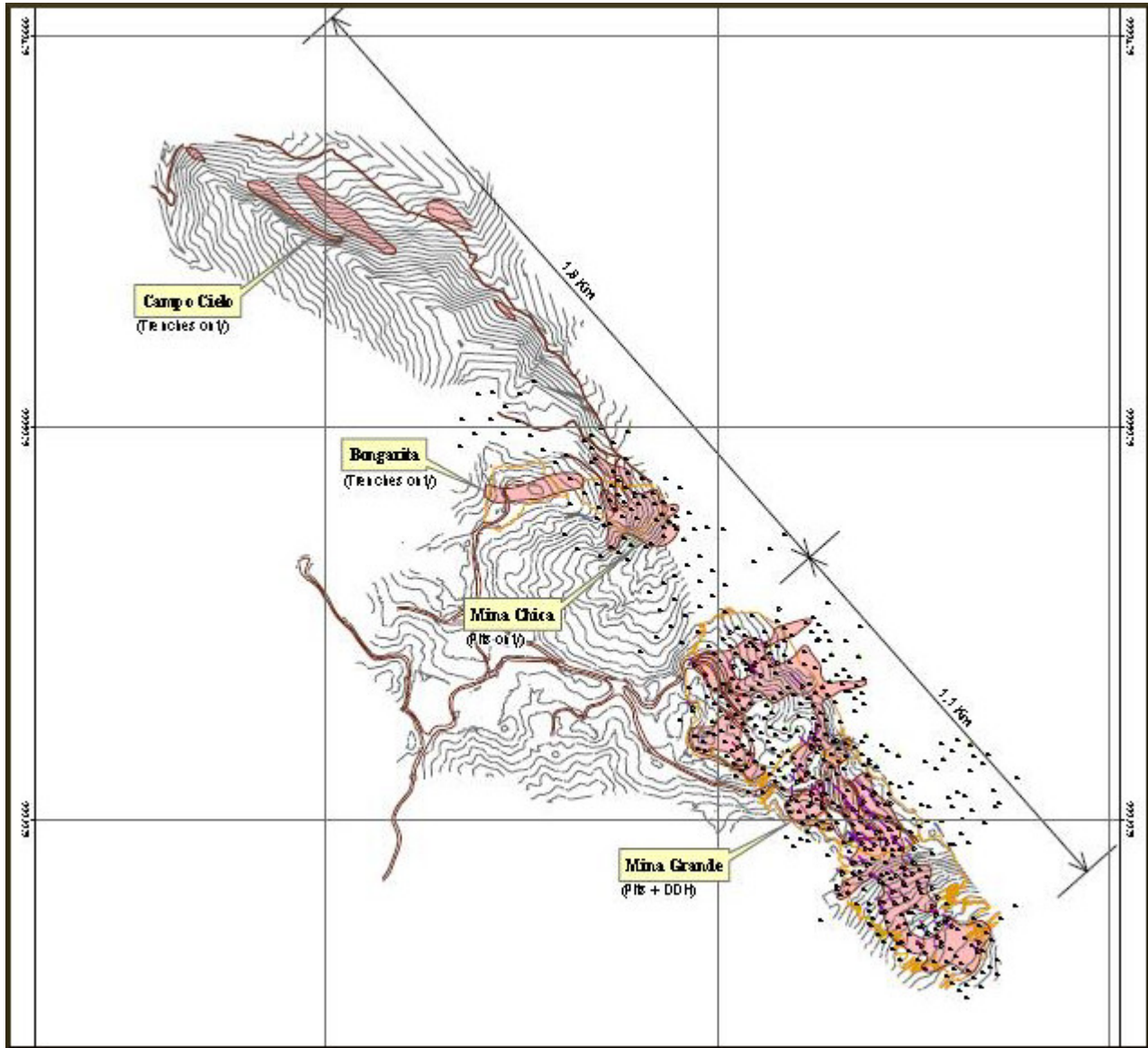
This deposit was discovered in 1974 and since then various companies have completed exploration programs across the area. The Bongará Zinc Mine, consisting of a 15ha open pit, was mined in 2007 and 2008 by a previous owner, Cementos Pacasmayo S.A.A., which mined 148,400 tonnes @ 23.2% Zn for 17 months in 2007 and 2008. The mine operated at an average rate of 358 tonnes per day for a total of 25,000 tonnes (55.1 million pounds) of Zinc. The rapidly weakening zinc price was the principal reason for shutting down the mine in August, 2008.

In its operating mode the ore was mined by open-pit methods, dried at the site, and then shipped 540km westward to the coast where it was processed through a Waelz kiln, a processing technology typically applied to flue dust from steel mills to recover zinc. A greater than 60% Zn calcine was made and sold to smelters/refineries in Peru and the United States. The rehabilitated pit can be seen in the photo below:

The Charlotte Bongará Project is approximately 2km northwest of the Bongará Zinc Mine. In 2008, the then owners Rio Cristal Zinc announced impressive near-surface drill intercepts of zinc oxides that included 29.5% Zn across 15.5 meters, 26.1% Zn across 12.5 meters, 29.7% Zn across 11.5 meters. Due to a declining zinc price, funds to properly delineate this mineralization could not be raised by Rio Cristal and further work was curtailed.

Some Geology

The mineralization is concentrated along and proximal to a NW-trending anticlinal axis over approximately 2.5 kilometres. The area of the historical resource is shown in the map below.



From the southeast edge of the project, the Mina Grande, Mina Chica and Bongarita mine areas were subject to sampling from pits and trenches as well as shallow drilling stretching over a distance of approximately 1.2 kilometres. This zinc-oxide mineralization appears to continue to the northwest into an additional exploration area known as Campo Cielo, where pits and trenches have also exposed additional high grade, zinc-oxide mineralization in historical pits and trenches in certain areas.

The Resource

One might note that as a result of the takeover, Zinc One has access to all data and technical work that date back to the 1990s on both of the Bongara properties.

Grade is off the charts for Bongara's Zinc component as can be noted in the historical resource. A number of historical resource estimates have been calculated on the Bongará Zinc Mine, including the latest one by Corianta S.A. in 2011:

Bongará Zinc Mine			
Category	Mineral Type	Tonnes	Zn Grade
Measured	Oxides	329,236	22.45%
Indicated	Oxides	678,560	21.20%
Total M + I	Oxides	1,007,796	21.60%
Inferred	Oxides	209,018	21.10%

Recent Action

In recent week the company has inked an access agreement with the local community grouping, Comunidad Campesina de Yambrasbamba, that allows work at site to be advanced.

Additionally, last month, the company exercised its option to acquire all of the Bongará and Charlotte Bongará projects. It made final cash payments of US\$1.15M to the optionors, laying the groundwork for the reactivation of the Bongará mine.

Other Assets

In January 2017, Zinc One entered into an option agreement with Aldever Resources Inc. to acquire a 100% interest in the Scotia Property. This is primarily a zinc project, consisting of one mineral claim totaling 4,014 hectares, located in the Scotia River area, approximately 40 km southeast of Prince Rupert in west central British Columbia.

Azulcocha West

The Forrester transaction also brought along the Azulcolcha West zinc prospect located in central Peru as part of the property portfolio. The Azulcocha project consists in the

rehabilitation of a zinc-manganese underground mine. It covers an area of 8,600ha comprising nine concessions and includes the workings of a zinc-antimony mine (Mina Gran Bretaña) which operated from 1975 until 1986.

Last decade the project was being developed by Azulcochamining, a JV between Vena Resources (70%) and Trafigura (30%). Over 8,000m of drilling has been completed on this project, with several additional targets.

Conclusion

At the start of the Zinc recovery we were constantly asked “what plays are out there?” and beyond one or two hardy names that had soldiered on through the dark days we had little else to offer. In short there was not much of an older generation of Zinc developers out there to revive.

Nature abhors a vacuum so the creation of new players has tentatively begun. Interestingly the main ones we have found have been serious on the production side rather than just dedicated to mindless drilling and “resource identification” (which is synonymous with “lifestyle mining” in many minds). Real companies in the Zinc space that have popped up include Ascendant Resources which acquired Nyrstar’s producing El Mochito mine in Honduras, Bunker Hill with its vast complex in Idaho (and little in the way of complications likely on the way to revival of production) and now Zinc One with a past-producing mine, in recent memory, with chunky grades and a propitious outlook for a revival of activity.

It is somewhat ironic that when Lithium or Rare Earths make a substantial uplift in price then the space is flooded by literally hundreds of wannabes (of whom most are “nevergonnabes”) and yet when a serious metal awakens after nearly a decade of slumbers the number of new plays can virtually be counted on the fingers of one hand (or maybe two). That in itself augurs well for the future price

evolution because it is a sign that Zinc's current supply crunch will only deepen because of the lack of pipeline. Moreover even the revivals like Zinc One are not going to be massive contributors of new volume to the market. We are seeing that the Age of the Mining Dinosaurs is over and, once again, it will be profitable for smaller scale miners that are more nimble and can fill a niche to enter into the fray. Zinc One looks to be positioning as one of this band of brothers.