

Pancontinental Gold Acquires Advanced Nickel-Cobalt-Copper Project in Southern Ontario with Two Defined Deposits

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Toronto, April 26, 2018 - [Pancontinental Gold Corp.](#) (TSXV: PUC) ("Pancon" or the "Company") has entered into an option agreement (the "Agreement") effective April 25, 2018 with Hastings Highlands Resources Limited ("Hastings") to earn up to 76% of the McBride Nickel-Cobalt-Copper Project (the "McBride Project" or the "Project"), located in Limerick Township, 25 kilometres south of Bancroft, Ontario. If Hastings, a private company, chooses not to fund its share of the joint venture after 76% is earned, Pancon can fully fund the joint venture and increase its ownership to 90%.

The McBride Project, covering 880 hectares, contains Historical Resources of an estimated 5.1 million tons of near-surface nickel-cobalt-copper mineralization. It includes: the North Zone deposit, the South Zone deposit, and the South Extension prospect [Reno Pressacco, Micon International Limited ("Micon"), 2004, NI 43-101 Technical Report]. The Project was discovered in the 1960s and diamond drill tested with more than 90 holes by Macassa Gold Mines Limited ("Macassa") and Long Lac Minerals Limited ("Long Lac"), which later acquired control of Macassa. In 1971, Long Lac produced the following Historical Resource estimate [Pressacco/Micon, 2004; and Robert Chataway, 2015, NI 43-101 Technical Report]:

- North Zone: 3.9 million tons grading 0.82% nickel, 0.054% cobalt and 0.25% copper;
- South Zone: 1.2 million tons, grading 0.30% nickel, 0.03% cobalt and 0.14% copper.

The foregoing Historical Resource estimates presented above were completed prior to the implementation of the NI 43-101 requirements; however, given the high quality of the historic work completed and the respective mining companies' reputations and production history of the previous Project owners, Pancon believes the Historical Resource estimates to be both relevant and reliable. In addition, a Qualified Person has not completed sufficient work to classify these historic mineral resources as current mineral resources; and the Company is not treating the Historic Resources as current.

Pancon President and CEO, Layton Croft, stated: "Adding this advanced stage nickel-cobalt-copper Project to Pancon's growing battery metals portfolio is a game changer. Given today's prices and market outlooks for nickel, cobalt and copper compared to 1971 when Long Lac planned to mine these deposits, we believe there is exceptional exploration and development potential. Its prime location and excellent infrastructure will keep costs and project risk down. The Project development plan is to re-sample existing core, conduct infill and exploration drilling, verify and possibly increase known resources, and produce an updated NI 43-101-compliant Technical Report. Following that will be state-of-the-art airborne versatile time domain electromagnetic (VTEM) surveys and airborne gravity surveys, as well as soil geochemical surveys, in order to identify and drill new targets, followed by metallurgical testing on fresh drill core and the completion of a Preliminary Economic Assessment."

Option Agreement Highlights

Pancon has the exclusive right to acquire up to a 76% interest in the McBride Project through three option stages. The first option, for an initial 26% interest, requires the Company: to pay \$142,500 in cash plus applicable 2017 property taxes; to issue 500,000 Common Shares of the Company to Hastings; and to spend a minimum of \$1.5 million on the Project within the first year of the option period. The second option, for an additional 25% interest and a total of 51% ownership, requires the Company: to make annual payments of \$142,500 in cash plus applicable property taxes; and to spend at least \$3 million on work essential to producing a Scoping Study (Preliminary Economic Assessment), during the next four years. The third option, for an additional 25% interest and a total 76% ownership, requires the Company to: to make annual payments of \$142,500 in cash plus applicable property taxes until the property is in production; and to complete a Feasibility Study by the end of the sixth year of the option period.

Once Pancon earns 76%, Pancon and Hastings will form a joint venture. If Hastings chooses not to fund its share of the joint venture, Pancon can fully fund the joint venture and increase its earned share to 90%, with Hastings retaining a 10% free-carried interest. When the Project becomes a producing mine, Pancon and Hastings will assume responsibility for paying the 16 mineral rights holders their respective share of 1.75% net smelter returns (NSR) royalty payments. If Pancon's ownership increases to 90%, Pancon will assume full responsibility for the NSR payments, noting that the 1.75% NSR can be reduced by 0.75%, to a 1% NSR, for a payment of \$1 million.

Pancon and Hastings have formed a 4-person Project Management Committee, with two representatives from each company. Pancon has appointed Layton Croft, its President, CEO and Director, and David Mosher, the Company's founding Director and member of its Technical Advisory Committee. Hastings has appointed its Chairman, Derek McBride, and its President, Angus Ross. The Management Committee will prepare and approve work programs and budgets, review quarterly progress reports, and monitor results during the option period. Decisions of the Management Committee will be made by majority vote, with Pancon having the casting vote.

Project Development Plan

Pancon, in partnership with Hastings, has developed a cost-effective project development plan that, pending funding, aims to deliver the following:

- an updated NI 43-101-compliant Technical Report;
- a Scoping Study (Preliminary Economic Assessment); and
- a Feasibility Study.

In May 2018, the Company plans to begin digitizing all available data and surveys, compiling down-hole survey data, and planning a new drill program. The 70 drill holes from 1969-1970 will be re-logged and re-sampled since hole locations are known, all collars remain, and most were surveyed precisely. The surface exploration program will focus on the eastern contact of the Thanet Complex, along strike from both the North and South Zones.

Phase 1 of the project work program will include re-establishing grid lines, prospecting, geological mapping, stripping, trenching, geochemical surveys, and state-of-the-art airborne gravity and versatile time domain electromagnetic (VTEM) geophysical surveys. Phase 2 will include infill drilling to test and confirm previous drill results, and exploration drilling on new targets generated in Phase 1, all to support an updated NI 43-101 resource estimate for the North Zone and South Zone. Phase 3 will include metallurgical work on fresh core that is not oxidized, in order to see base metal recoveries as well as precious metal content and recoveries.

The technical team leader and Qualified Person for the McBride Project is Hastings' Chairman, Dr. Derek McBride, P.Eng., who possesses 40 years of professional experience as a geological engineer and structural and economic geologist. McBride is credited with discovering the Nugget Pond Gold Mine in Newfoundland, Canada, as well as the Reward Gold Deposit in New South Wales, Australia. His written reports cover deposits in 16 countries around the world and include most types of precious and base metal deposits. A Toronto native with a Diploma of Mining Technology from the Haileybury School of Mines, B.Sc. and M.Sc. degrees in geological engineering from Queen's University, and a Ph.D. in structural and economic geology from the University of New Brunswick, McBride has been diligently studying for more than 17 years what Pancon has named the McBride Project.

McBride Project Highlights

Strategic Context

The Project is located in Limerick Township, 25 kilometres south of Bancroft, 80 kilometres north of Belleville, and 250 kilometres east-northeast of Toronto. The property is easily accessible via Provincial

Highway 62 and then by a gravel road for approximately 1.5 kilometres. A secondary power line runs to within 1 kilometre of the Project's North Zone, and the major Provincial power grid crosses Highway 62 about 17 kilometres south of the Project [Chataway, 2015]. The Project is proximal to the Canadian National Railway network, providing the opportunity to cost effectively transport future concentrate to the nearest nickel smelting facility, in Sudbury.

The 880-hectare property consists of 41 fifty-acre half lots [Chataway, 2015]. Land titles are Fee Simple Grants, Patented Mining Claims with surface and mineral rights or mineral rights only, plus staked claims. Crown lands were staked by Hastings [Chataway, 2015]. Limerick Township is a rural area with minor logging operations and no other industrial activity, and it has little farming in the area due to a lack of arable soil and the cold mid-Ontario climate. The general region around Bancroft has a long history of minerals exploration and mining; Bancroft is the nearest community with necessities and accommodations for the rural population.

Salient History

Pancon has possession of Macassa's September 29, 1970 Interim Report on its Feasibility Study of the Project, conducted by W.A. Moore, P.Eng.. According to the Report, "it would appear that the property could be brought successfully into production and that it would make a profit, provided that the ore reserve grade of 0.253% copper, 0.825% nickel and 0.054% cobalt will stand up." The Report discusses four other factors that must be considered before going into production, including "metallurgy, metal prices, tax climate, and the ore picture at depth" (Moore, 1970). The Report refers to "initial metallurgical test results which showed that recoveries of 95% for copper and 85% for nickel and cobalt were possible" (Moore, 1970). The Report models three production scenarios: 1,000 tons per day, 1,250 tons per day, and 1,500 tons per day (Moore, 1970). However, sudden changes in Long Lac/Macassa corporate leadership and a decision to focus on gold projects resulted in the Project not becoming a mine at the time. Long Lac sold the Project in 1999.

Limerick Mines Limited ("Limerick") acquired the Project, and in 2003 engaged Micon to complete a National Instrument 43-101-compliant Technical Report on the Project (which was filed on SEDAR in October, 2004). Limerick conducted geophysical surveys and drilled 8 diamond drill holes, including 5 verification holes twinning historic drill holes, on the North Zone. Limerick designed a work program to confirm the Historical Resource estimate, produce a NI 43-101-compliant resource estimate, and produce a Scoping Study. The 2004 Micon Technical Report concluded that the twinning drill results essentially supported the Long Lac results, and agreed with the work program proposed by Limerick. Unfortunately, the Limerick work program was never completed. Hastings acquired the Project in 2010, and was left with the task of re-negotiating agreements with all the landowners. Hastings also conducted limited geochemical and geophysical surveys, led by Hastings' Chairman, Dr. Derek McBride, which resulted in discovery of the Project's Southern Extension prospect. In 2015, Hastings engaged Robert T. Chataway, P.Geo., to produce an updated NI 43-101 Technical Report on the Project.

Technical Highlights

According to S. B. Lumbers, in his 1969 "Geology of Limerick and Tudor Townships" report on file at the Ontario Department of Mines [Geological Report 67, page 75], an article published in the Northern Miner on April 12, 1962 described Macassa's resource estimate based on the 23 diamond drill holes it drilled in 1960-61. According to Lumbers [1969, page 75] referencing that 1962 Northern Miner article: "Average nickel assays as high as 1.77% over 66 feet (20 metres) and as low as 0.52% over 21 feet (6.4 metres) have been obtained. Copper is rarely present in amounts greater than 0.5%, and, in general, copper assays are highest where nickel assays are highest. Cobalt is present in the mineralized zone in amounts generally less than 0.1%, and traces of gold and silver are common."

In the 1960s, Macassa drilled 23 holes (totalling 4,157 metres of core) on the North Zone, after which Long Lac drilled another 70 holes (totalling 12,800 metres of core) on both the North Zone and the South Zone [Pressacco/Micon, 2004]. The North Zone deposit was outlined with a strike length of 200-250 metres, to a vertical depth of approximately 300 metres. The South Zone deposit, located 1,200 metres south-southwest of the North Zone deposit, was outlined with a strike length of 360 metres, to a vertical depth of 150 metres. Both the North Zone and South Zone deposits are open at depth and along strike [Pressacco/Micon, 2004].

According to the 2004 NI 43-101 Technical Report by Reno Pressacco, M.Sc. and P.Geo., of Micon

International Limited [page 15], "The North Zone has a core of massive to semi-massive sulphides surrounded by a halo of disseminated sulphides. The sulphides are dominated by chalcopyrite, pyrrhotite, and pentlandite. The distribution of sulphide minerals indicates that the North Zone consists of a band of massive sulphide mineralization that strikes north-south and dips west at about 75 degrees. This mineralization has been traced along a strike length of some 200-250 metres, and is in the form of a "J," with the best grade mineralization located along the base of the "J." The plunge of the mineralization is to the north between 70-80 degrees, and remains open below a depth of approximately 300 metres. The northern strike extension of the mineralization also remains untested. In the central part of the North Zone, multiple bands are present in the same hole. Such a pattern strongly suggests that the band has been deformed, producing folds plunging north at a steep angle. Fold repetition produces a mineralized pod some 90 metres in diameter in the base of the "J." The long arm of the "J" strikes in a northward direction, and the short arm strikes in a westward direction."

Pressacco [2004, page 15] continues: "The South Zone is subdivided into a north and south section. Previous drilling has outlined mineralization, also consisting of pyrrhotite, chalcopyrite, and pentlandite, along a strike length of 360 metres and for depths up to 150 metres."

Resource Expansion and Precious Metal Potential

According to the 2015 NI 43-101 Technical Report by Robert T. Chataway, P. Geo. [page 19]: "For the most part, the strike and depth limits of these zones have not been identified by these historical drill holes. In the writer's opinion, there remains potential for the discovery of concentrations of more nickel-copper sulphide mineralization in the vicinity of the North and South Zones. As well, the strike length of the eastern contact of the Thanet Complex has not been fully evaluated for its potential to host nickel-copper mineralization, and this area is an attractive target for exploration activities. The author agrees with Micon's [2004] conclusion that the presence and approximate grades of nickel-copper mineralization at the North Zone are reliable as 'Historical Resources.' As well, the author is satisfied that the quality of information presented for the South Zone is of sufficient calibre to use as a guide for exploration activities. Potential risks to the project are a change in commodity prices."

In addition to the above, historical drill logs from Long Lac show evidence of precious metals, including gold, silver, platinum and palladium. According to Chataway [2015, page 16], "early in the exploration history of this property, the lack of assay values for platinum and palladium can be attributed to the high cost of an individual assay and the low commodity prices for platinum and palladium. It wasn't until the late 1980s and early 1990s that assay costs and analytical reliabilities became acceptable for use in applications of exploration programs. Along with higher commodity prices and increased demand, the inclusion of precious group metal value became more common in the evaluation of nickel-copper deposits."

Pancon: A Rapidly Growing Battery Metals Explorer and Developer

The advanced stage McBride Project enables Pancon to dramatically build on its new battery metals commodity focus, taking advantage of rising market demand and prices for cobalt, nickel and copper. Like the Company's Montcalm West Nickel-Cobalt-Copper Project near Timmins, Ontario, and the Company's Jefferson Gold Project in South Carolina, Pancon's new McBride Nickel-Cobalt-Copper Project is:

- A highly prospective, under-explored project in a proven historic mining region; and
- Located in a safe, low-risk jurisdiction with a stable, predictable and pro-mining legal, regulatory and political regime, excellent infrastructure, and strong community support.

However, unlike Montcalm West and Jefferson, McBride is an advanced stage Project with two existing deposits, the result of more than 100 diamond drill holes by reputable and successful exploration and mining companies. To reflect Pancon's focus on battery metals, the McBride Project acquisition, and the Company's new growth trajectory, the Board of Directors intends to propose a change in the Company's name to Pancontinental Resources Corporation at the June 21, 2018 Annual General Meeting.

Qualified Person

The technical information in this news release has been prepared in accordance with the Canadian

regulatory requirements set out in NI 43-101 and reviewed and approved by Dr. Derek McBride, P.Eng., a Qualified Person as defined by NI 43-101 and a technical advisor for Pancontinental.

About Pancontinental Gold Corporation

Pancontinental is a Canadian-based mining company focused on the exploration and development of its McBride Nickel-Cobalt-Copper Project in Ontario, Canada; its Montcalm West Nickel-Cobalt-Copper Project in Ontario, Canada; and its 100%-owned Jefferson Gold Project in South Carolina, USA. The Company continues to focus on acquiring additional prospective properties in low-risk areas with existing resources and/or in proximity to producing or former mines. In 2015, Pancontinental sold its interest in its Australian rare earth element (REE) and uranium properties, formerly held through a joint venture, and retains a 1% gross overriding royalty on 100% of future production.

For further information, please contact:

Layton Croft
President and CEO
|1-416-293-8437
1-980-309-8419
laytoncroft@pancongold.com

For additional information please visit our web site: www.pancongold.com, and our Twitter feed: @PanconGold.

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