

# Quinto Resources Inc. Provides Update Re Proposed Acquisition of Combia Project in Colombia

23.07.2018 | [GlobeNewswire](#)

MONTREAL, July 23, 2018 - [Quinto Resources Inc.](#) (TSXV:QIT) ("Quinto" or the "Company") is pleased to provide an update with respect to its proposed acquisition of Conga Mining Inc. (to be renamed "Combia Gold Inc.") ("Combia"), which holds the right to acquire the Combia project (also known as the Guamo Project) (the "Guamo Project") in the Antioquia Region, Colombia, approximately 150 km east of Medellin (the "Proposed Transaction").

The Combia Project is comprised of 6 wholly-owned titles and 66% of a title covering an area of approximately 64 hectares, as well as a mill operating at a current production rate of 40 tons/day. Combia has provided Quinto with an independent technical report dated July 16, 2018, with an effective date of May 1, 2018, and titled "NI 43-101 Technical Report – Guamo Project, Colombia" (the "Technical Report") prepared by Tabetha Stirrett, P. Geo. and Edmundo Laporte, P. Eng., which discloses the following with respect to the Guamo Project:

The Guamo project is located in the southern part of the prolific Segovia Gold Belt, a district which has been mined by a number of small scale artisanal miners since the early 1980's. The area is dominated by igneous rocks and Cretaceous sediments that are generally orientated North-South.

The Guamo geology is a shear hosted mesothermal deposit. The gold mineralization occurs mainly in black carbonaceous shales that are highly folded, fractured and sheared. Three main structural features control the gold mineralization and have been observed underground. The controlling mineralization is associated with Northwest trending faults that dip from 60 to 80 degrees to the Southwest and plunges between 30 to 45 degrees Southeast. These features are mined. The second system of faults trend North-South, dip steeply 80 degrees east and west and may be tensional extensions caused by the dominant Northwest trending fault system. These features are also mined. A third system of faults trending Northwest and dipping approximately 60 degrees Northeast are present but are narrow and less consistent.

Five types of mineralization have been observed underground at active mines and these are:

- Mineralized faults, 0.1 m to 2.0 m in thickness, of quartz with pyrite and minor chalcopyrite. These features swell and pinch and mostly dip between 60 degrees Southwest to vertical.
- High grade shoots occur where mineralized faults intersect.
- Mineralized quartz lenses in the black shale that occur at or near mineralized faults.
- Stockwork of pyrite and quartz veinlets are common between parallel mineralized faults or in proximity to them.
- Disseminated pyrite and minor chalcopyrite are present in the areas between the parallel mineralized faults.

Induced Polarization (IP) surveys within the mineral titles align very well with the known mineralization in the area. These anomalies continue along strike to the southern mineral titles. Although these areas have not been tested with drillholes, the IP survey indicates that the system likely extends throughout the project area. The IP anomalies are also present into the Segovia Batholith where two of the wholly owned mineral titles are situated in the Southwest portion of the project area.

A figure accompanying this announcement is available at  
<http://www.globenewswire.com/NewsRoom/AttachmentNg/85b8ec43-5b9a-4165-985f-a87f71ebf0cf>

The Guamo project consists of an operating underground mine located within Title T1935005. The operation consists of one active mine portal.

Underground drilling and blasting along the vein is the main mining method. Explosives and detonators are stored at a recently-built and inspected explosives magazine.

The Guamo project also has a mineral processing plant with a crushing and grinding circuit, a flotation circuit and a cyanidation unit.

The project has a basic quality laboratory where in-house gold fire grade verification assays are carried out.

The following conclusions are made for the Guamo Project:

- The Guamo Project is strategically located near Puerto Berrio, Antioquia, Colombia, in an area with direct access major paved roads and easy access to the Magdalena River. The area is covered by the Colombian National Power Grid.
- The project comprises six mineral titles which, as of the effective date of this report, are valid and in good standing.
- Exploration work between 2013 and 2015 was carried out by Pacifico Minerals Ltd, an Australian mining company, which had an agreement with the Colombian title holders.
- The exploration efforts consisted of two channel sampling and testing campaigns, two diamond drilling campaigns, Inverse Polarization and Resistivity Surveys, a Rotary Air Blast drilling campaign and underground drilling.
- Drilling combined with structural interpretation and modelling allowed Pacifico to identify at least five north-south trending sub-vertical and sub-parallel mineralised shears and that the known shears from west to east were separated by a total of approximately 100m.
- No additional exploration has been carried out since 2015 other than observations of the mineralisation in the existing operations as the underground mining works proceed.
- The current title holders, Combia S.A.S., have continued the analysis of publicly available data and have prepared Resource estimates for two of the licenses (T1935005 and IHF-08102).
- The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimates prepared by Combia S.A.S as current mineral resources in accordance with National Instrument 43-101.
- According to Combia S.A.S.'s estimate, Title T1935005 contains 107,944 tons of mineral under the classification of Indicated Resources and 184,255 tons of mineral under the Inferred Resources category. Combia S.A.S. reports that the Au grade of the Indicated Resources is 24.7 g/ton and the Ag grade is 39 g/ton, for a total of 85,557 oz of Au and 135,048 oz of Ag. The reported Au grade of the Inferred Resources is 23.8 g/ton and the Ag grade is 53.3 g/ton, for a total of 141,124 oz of Au and 315,805 oz of Ag.
- Combia S.A.S. estimates that Title IHF-08012 contains 94,034 tons of mineral under the classification of Indicated Resources and 127,938 tons of mineral under the Inferred Resources category. Combia S.A.S. reports that the Au grade of the Indicated resources is 12.0 g/ton and the Ag grade is 17.0 g/ton, for a total of 36,191oz of Au and 59,121 oz of Ag. The reported Au grade of the Inferred Resources is 14.4 g/ton and the Ag grade is 21.0 g/ton, for a total of 59,121 oz of Au and 86,376 oz of Ag.

RESPEC recommends the following work be completed in order for Combia Gold Inc. to complete a robust mineral resource estimation that follows the CIM industry recognized guidelines. This type of work will include:

- Complete a 3D geological model to assist with the planning of the drilling and to build a more robust mineral resource model (\$50,000).
- Validation of the Pacifico database.
- Infill drilling to increase the confidence of the trace of the mineralization and to test the deeper zones. Combia S.A.S. proposes structuring an exploration campaign in two phases. In phase 1, it would drill between 3,000 and 5,000 meters in order to increase the confidence of the resources in licences IHF-08012 and T1935. In phase 2 they would drill between 8,000 and 10,000 meters in the remaining 4 licences in order to define resources. The Total Cost of the new exploration campaign would be approximately USD \$3,000,000.
- Twinned well drilling near the reported location of some of the original 25 holes drilled by Pacifico would also be recommended.
- Complete a Preliminary Economic Assessment (PEA) on the Project (US\$350,000).

The information reviewed was gleaned from publicly available data that Pacifico released at various stages during the exploration program. Even though it wasn't possible to view the core or verify the adequacy of the procedures completed by Pacifico, the Guamo Project has a producing mine on site which has a robust production history. The quality of the validation assays from the mill production supports the validity of the exploration data to date.

To date RESPEC has not completed any data verification for the Guamo Project. Work will be recommended to Combia Gold Inc. in order for it to complete a robust mineral resource estimation that follows the CIM industry recognized guidelines.

### **The Proposed Transaction**

In consideration for the acquisition of all of the shares of Combia, the terms of the Proposed Transaction include Quinto issuing to Combia Shareholders, in exchange for their Combia shares, an aggregate of 40 million common shares of Quinto, with 20 million common shares issued at closing ("Closing") and 10 million common shares to be issued 5 months from Closing and 10 months from Closing, respectively. The terms relating to the Proposed Transaction are non-binding and are subject to Quinto's completion of due diligence, the successful negotiation and execution of a definitive agreement during an exclusivity period ending on August 15, 2018 and receipt of final TSX Venture Exchange acceptance of the Proposed Transaction. In consideration of the exclusivity provided to Quinto, Quinto has agreed to pay a US\$100,000 fee to Combia if it does not complete the Proposed Transaction.

Combia is party to an agreement to acquire the Combia Project from its Colombian vendors (the "Vendors"), and Combia has advised that it is to make the following payments to the Vendors: (a) US\$1 million at Closing; (b) US\$1 million on the day which falls 5 months from Closing; and (c) US\$700,000 on the day which falls 10 months from Closing. In addition, Combia must raise gross proceeds of at least US\$1 million to fund exploration work on the Combia Project or the purchase of equipment or upgrades therefor, which amount must be spent during the 8 months following Closing. Quinto would assume responsibility for these requirements if it were to proceed with the Proposed Transaction.

Combia has also delivered to the Company audited consolidated annual financial statements of Combia for the periods ended December 31, 2017 and 2016. As of December 31, 2017, Combia had current assets of Cdn\$434,256 (including Cdn\$89,804 in cash) and total assets of Cdn\$445,506, with current and total liabilities of Cdn\$32,447. During the financial year ended December 31, 2017, Combia sustained a net loss of Cdn\$704,718 (including Cdn\$452,168 in mining project expenses, Cdn\$125,000 in share-based payments, Cdn\$45,000 in management fees and Cdn\$44,615 in travelling expenses) and a loss per share of Cdn\$0.0132.

A finder's fee is payable to an arm's length third party in connection with and upon completion of the Proposed Transaction.

The technical and scientific information in this press release has been reviewed and approved by Pierre O'Dowd, P.Geo., a qualified person as defined by National Instrument 43-101.

### **About Quinto**

Quinto Resources Inc. (TSXV:QIT) is a Canadian gold exploration Company. It has an option to earn a 100% interest in the Campo Largo gold project in Brazil, and owns a 5% interest in the Monster Lake property (IAMGOLD: 50%/TomaGold: 45%) in Quebec, Canada.

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<https://www.rohstoff-welt.de/news/304434--Quinto-Resources-Inc.-Provides-Update-Re-Proposed-Acquisition-of-Combia-Project-in-Colombia.html>

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