

Minkap Resources Inc. Enters Into Property Option Agreements for the Breccia Gold Property, Idaho

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TORONTO, July 6, 2020 - [MinKap Resources Inc.](#) (TSXV:KAP) ("MinKap" or the "Company") is pleased to announce that it has entered into a non-binding arm's length letter of intent dated July 2, 2020 with [Canarc Resource Corp.](#) ("Canarc") relating to the proposed acquisition of an option to acquire a 100% undivided interest in the Lightning Tree property ("Lightning Tree Property") from Canarc (the "Canarc LOI"). The Company has concurrently entered into a non-binding arm's length letter of intent dated July 2, 2020 with DG Resource Management Ltd. ("DGRM") relating to the acquisition of a 100% undivided interest in the contiguous Breccia Gold property (the "Breccia Gold Property") from DGRM (the "DGRM LOI") (together, the Canarc LOI and the DGRM LOI are referred to as the "LOI's" and the transactions contemplated thereby are referred to as the "Proposed Transaction"). The Lightning Tree Property and the Breccia Gold Property, which are both located in Lemhi County, Idaho, USA, are collectively referred to as the "Property".

"The opportunity to acquire and advance a significant gold asset such as the Breccia Gold Property puts MinKap in the unique position of being able to explore a past-producing gold mine at a time when precious metals are seeing near-unparalleled interest. Historic work at the Breccia Gold Property has identified a significant, low sulphidation, epithermal gold system, which was tested by only a few drill holes, and several bulk samples," stated Jonathan Armes, President of MinKap. "We are looking forward to the commencement of an exploration program at the Breccia Gold Property, which will include a significant drill program aimed at confirming historic grades and widths of the gold mineralization."

The Breccia Gold Property

Situated approximately 40 kilometres southwest of Salmon, Idaho, the property is accessible by paved highway and a network of well-maintained gravel roads. The property hosts the historic Gahsmith gold mine, which is central to a significant low-sulphidation epithermal gold system. The property consists of 80 claims covering approximately 1,650 acres within the Blackbird Mining District and is host to the historic Gahsmith Gold Mine, which is contiguous to the south and southwest of the historic Musgrove Creek Gold Mine.

Some important highlights of the Breccia Gold Property follow:

- Covers 1,800 m long portion of the Meadows Fault Zone
- 2018 - 39 surface grab samples from <0.1 g/t Au to 84.3 g/t Au
- 2019 - 52 surface chip and grab samples from <0.1 g/t Au to 46.8 g/t Au, with surface soil samples anomalous across widths of up to 100 m

Gold mineralization on the property occurs within an approximately 1,800-metre portion of the Meadows Fault Zone (MFZ), with the northernmost showing referred to as the Lee Prospect and the Breccia Gold Zone within the southern portion. Historic and recent exploration focused on an approximate 500 m long by 8 to 20 m wide zone of highly brecciated and oxidized host lithologies, proximal to the MFZ, and which is host to highly anomalous concentrations of gold.

The Breccia Gold Zone was exploited by at least eight adits during the 1930s and early 1940s, with several thousand tons of mineralized material extracted, targeting high-grade gold mineralization within quartz veins, hosted by a wide zone of brecciation.

The Breccia Gold Property underwent some exploration in the mid-1980s that included metallurgical testing and limited drilling, as well as surface and underground sampling. In 1987, a bulk sample of 4,621 tons of gold-bearing material was collected from a bulldozer cut along a 20 foot wide by 200-foot long section of the Breccia Gold Zone, just north of the South Adit.

Two drill holes completed in 1985 tested the zone at depth, north of the South Adit. Though assay data for these holes is unavailable, inclined hole DH-1 intersected the Breccia Gold Zone from 200 to 300 feet, while vertical DH-2 continued within the Breccia Gold Zone for its entire 100-foot length.

Prospecting and surface sampling carried out by DGRM in 2018 and 2019 suggests the anomalous gold is present across the Breccia Gold Zone with higher grades associated with quartz vein and replacements, which generally occur near the centre of the zone. In total, 39 grab samples were collected from the Breccia Gold Zone in 2018; these returned an arithmetic average of 6.33 g/t Au and 3.01 g/t Ag. Further sampling in 2019 included a total of 52 chip and grab samples; these returned an arithmetic average of 4.44 g/t Au and 4.83 g/t Ag (see Table 1 below for ranges and average grades). The Company cautions investors that grab samples are selected samples and not necessarily representative of mineralization hosted on the Breccia Gold Property.

Table 1: Summary of Gold content for the 2018 and 2019 Grab Samples, Breccia Gold Zone

Au (g/t) Range	2018 Totals	2019 Totals
<0.1	6	12
0.1 - 1.0	10	12
1.0 - 5.0	12	14
5.0 - 10	2	8
>10	9	6

Upon completion of the 2018 program, samples were palletized and shipped by freight by Salmon River Stages to ALS in Reno, Nev. Samples were bagged in the field using cloth bags, recorded and assigned a sample number. Analysis consisted of multielement inductively coupled plasma (ME-ICP61) and gold by fire assay (Au-ICP22 and Au-GRA22).

Upon completion of the 2019 program, both rock and soil samples were confirmed, put into pails and labelled for shipping. Samples were collected in polyurethane sample bags, recorded and assigned a sample number. Soil samples were shipped out of Cutbank, Mont., by FedEx ground transport to ALS in Reno, Nev., for multielement aqua regia digestion (AuME-ST43). Rock samples were driven back to Edmonton, Alta. (DGRM's head office), and then shipped by Purolator ground transport to Actlabs in Ancaster, Ont., for aqua regia multielement (1E3 (inductively coupled plasma optical emission spectrometry)) and fire assay (1A2-ICP).

ALS and Actlabs are commercial laboratories and completely independent of DGRM. ALS in Reno, Nev., and Actlabs in Ancaster, Ont., are both ISO/IEC 17025 accredited.

The nature and style of mineralization observed at the Breccia Gold Zone is characteristic of low sulphidation, epithermal gold deposits. Some notable examples of this deposit type include Hishikari, Japan, Round Mountain mine, Nevada, and Fruta del Norte, Ecuador.

Immediate exploration plans for the property include ground geophysics and soil sampling, to be followed by a drill program anticipated by year end (permitting application has been submitted).

QP

Mr. Garry Clark P.Geo, (Exploration Manager and a director of the Company), a Qualified Person ("QP") as defined by National Instrument 43-101 ("NI 43-101"), has approved the scientific and technical disclosure in this news release and prepared or supervised its preparation.

Proposed Transaction for the Lightning Tree Property with Canarc:

Under the terms of the Canarc LOI, the Company has an option to acquire a 100% undivided interest in the Lightning Tree Property by completing, among other things, the following:

- Issuing an aggregate of 2,500,000 common shares (the "Consideration Shares") and 2,500,000 common share purchase warrants (the "Consideration Warrants") over a 2 year period to Canarc;
- C\$12,500 payable upon receipt by the Company of final approval from the TSX Venture Exchange in respect of the Proposed Transaction (the "Approval Date");
- C\$25,000 due on the first anniversary from the Approval Date;
- C\$50,000 due on the second anniversary from the Approval Date;
- C\$50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate \$2,000,000 in exploration expenditures over three (3) years, commencing on the date MinKap receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to Canarc a 2.5% net smelter return royalty ("Canarc NSR") in respect of the Property, subject to the Company retaining an option to acquire 1% of the Canarc NSR for a cash payment of C\$1,000,000; and
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

Proposed Transaction for the Breccia Property with DGRM:

Under the terms of the DGRM LOI, the Company has an option to acquire a 100% interest in the Property by completing the following:

- Issuing an aggregate of 2,500,000 common shares (the "Consideration Shares") and 2,500,000 common share purchase warrants (the "Consideration Warrants") over a 2 year period to DGRM;
- C\$12,500 due on the Approval Date;
- C\$25,000 due on the first anniversary from the Approval Date;
- C\$50,000 due on the second anniversary from the Approval Date;
- C\$50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate \$2,000,000 in exploration expenditures over three (3) years, commencing on the date MinKap receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to DGRM a 2.5% net smelter return royalty ("DGRM NSR") subject to the Company retaining an option to acquire 1% of the DGRM NSR for a cash payment of C\$1,000,000; and
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

Pursuant to the LOIs, MinKap has also agreed to grant to DGRM and Canarc, together, a one-time bonus payment (the "Bonus Payment") of \$1.00 per ounce of gold or gold equivalent, up to a maximum of C\$1,000,000 upon the SEDAR filing of a NI 43-101 compliant resource of 1,000,000 ounces of gold or gold equivalent. The Bonus Payment will be payable to DGRM and CANARC on a pro rata basis based on the number of ounces of gold or gold equivalent from each of their respective claims relative to the 1,000,000 ounces as defined in the NI 43-101 compliant technical report to be prepared in respect of the Property.

The completion of the Proposed Transaction is subject to the execution of definitive agreements with both Canarc and DGRM and the receipt of all corporate and regulatory approvals, including that of the TSX Venture Exchange (the "TSXV").

Concurrent Financing

The Company also announces that it proposed to complete a concurrent non-brokered private placement of up to 10,000,000 units (each, a "Unit") of the Company at a price of \$0.075 per Unit for aggregate gross proceeds of up to \$750,000 (the "Offering"). Each Unit shall consist of one common share (each, a "Common Share") of the Company and one Common Share purchase warrant (each, a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one additional Common Share at an exercise price of \$0.15 for a period of twenty-four (24) months from the date of issuance. Finder's fees may be payable in accordance with the policies of the TSXV.

The Proposed Name Change

The Company also intends to change its name in conjunction with the Proposed Transaction to "Ophir Gold Corp." or any such other name that is approved by the board of directors.

The TSXV has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this news release.

Further details of the Proposed Transaction will be included in subsequent news releases and disclosure documents to be filed by the Company.

On behalf of the Board of Directors
"Jonathan Armes"
[MinKap Resources Inc.](#)

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note

The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to the Proposed Transaction and the Offering, risk related to the failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining and exploration; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. Actual events or results could differ materially from the Company's expectations or projections.

SOURCE: [MinKap Resources Inc.](#)

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