

# GFG Announces Initial Drill Results from Recently Completed Phase 2 Drill Program at the Pen Gold Project West of Timmins, ON

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SASKATOON, Dec. 17, 2020 - [GFG Resources Inc.](#) (TSX-V: GFG) (OTCQB: GFGSF) (“GFG” or the “Company”) reports initial results from nine holes from its recently completed 8,900 metre (“m”) Phase 2 2020 drill program at its 100% owned Pen Gold Project (the “Project”). During the Phase 2 drill program, the Company completed a total of 30 holes testing multiple targets at the Sewell, HGM, Crawford, Nib, Boundary, Broadway and Broadsword regional targets (see Figure 1). The remaining 21 holes are being processed and the Company will release the results as they become available.

A significant exploration program is being planned for 2021 to further follow-up on recent discoveries and test newly generated targets such as the R66 Prospect. The Company expects to begin the 2021 program in late-January with approximately 5,000 m of drilling to be completed in Q1.

The Project is located approximately 40 kilometres (“km”) west of the prolific Timmins Gold District in Ontario. The contiguous land package, one of the largest in the region, consists of approximately 475 square km and is situated between Newmont’s Borden Gold Mine and Pan American Silver’s Timmins West Mine. The Project covers an approximately 55-kilometre-long section of Archean greenstone that contains the interpreted western extension of the Porcupine-Destor Fault Zone within the same geological setting that hosts many of the gold deposits found in the Timmins Gold Camp.

“In 2020, we set out to drill 12,000 m and complete a significant regional surface program; we executed the plan successfully and were below budget,” stated Brian Skanderbeg, President and CEO. “This year our team performed exceptionally well by developing new high-grade gold targets such as R66, testing 12 different targets, yielding new discoveries, expanding several known zones and engaging Alamos Gold as a strategic partner. We accomplished this during a time that brought unique challenges to us all.”

“We are encouraged by these initial results as we discovered a new gold zone at Sewell North, successfully expanded the HGM system up-dip and along strike and confirmed mineralization at depth at the Nib Prospect. With the drill program now complete, our focus will be on analyzing the significant amount of data that we have accumulated in 2020. We look forward to receiving the remaining assays from 21 holes and to starting the new year with an aggressive 5,000 m drill program.”

## 2020 Phase 2 Initial Drill Program Results

The Company completed a total of 30 holes (8,900 m) testing numerous targets in the eastern portion of the Project (see Table 1 and Figures 1-5). The Phase 2 drill program was designed to follow-up on the high-grade gold discovery at the Nib Prospect (PEN-20-47: 71.27 grams of gold per tonne (“g/t Au”) over 8.5 m, including 511.00 g/t Au over 1.15 m), conduct step-out holes at the HGM and Sewell prospects and to test earlier stage targets at Sewell North, Boundary, Broadway and Broadsword. These initial drill results are from the Sewell North, HGM, Nib and the Boundary prospects.

### *Sewell North Prospect*

Reconnaissance drilling with three holes at the Sewell North Prospect intercepted a new gold discovery along a parallel structure approximately one km north of the Sewell Prospect (see Figure 2). Prior to GFG, the target area had seen no drill testing. Hole PEN-20-054 returned 4.56 g/t Au over 0.7 m at 15.7 m downhole. Gold mineralization is hosted in a quartz-pyrite-tourmaline vein system associated with strongly-sheared, albite-silica altered diorite, a geological setting is similar to the Timmins West Mine, which is located 20 km to the northeast. Based on these encouraging results, two follow-up holes have been completed with assays pending. The Company plans to drill test this prospective zone further in early 2021.

### *HGM Prospect*

Previous drilling at the HGM Prospect has outlined several distinct zones of gold mineralization with high-grade intervals that include 21.59 g/t Au over 3.9 m and 7.53 g/t Au over 2.2 m. As part of the 2020 drill program, two holes were drilled to test for the western and depth extensions to these zones (see Figure 3).

Hole PEN-20-052 was designed to test the up-dip western continuity of the system. The hole intersected four distinct zones of gold mineralization associated with disseminated pyrite within silica-carbonate altered, quartz-veined mafic volcanic stratigraphy between 150 and 290 m downhole. Results include 0.55 g/t Au over 5.0 m, 1.24 g/t Au over 1.50 m and 0.88 g/t Au over 4.5 m.

Hole PEN-20-053 was designed to test the western plunge continuity of the system. The hole intersected three distinct zones of mineralization associated with disseminated pyrite within silica-carbonate altered, quartz-veined mafic volcanic stratigraphy between 375 and 407 m downhole. Results include 1.03 g/t Au over 1.3 m, 1.17 g/t Au over 2.0 m and 0.98 g/t Au over 1.8 m.

The program was successful in confirming the stacked nature of the mineralization and the continuity of the system both down-plunge and up-dip to the west. The system remains open at depth and down-plunge.

### *Nib Prospect*

Previous drilling by GFG outlined three distinct northeast-trending mineralized zones within sheared and altered diorite at the Nib Prospect. Phase 2 drilling included four holes that focused on the uppermost zone where hole PEN-20-47 encountered 71.27 g/t Au over 8.5 m at 50 m below surface and on the strike and depth extensions of several footwall vein systems.

Assays have been received for two holes that tested the depth continuity of the Nib mineralization on 25 and 50 m step-outs (see Figures 4 and 5). The two holes outlined new zones and extended those intercepted in hole PEN-20-47 to depth, albeit at lower grades. Hole PEN-20-59 returned 1.65 g/t Au over 1.7 m and 0.57 g/t Au over 3.6 m from depths of 110 and 142 m downhole. Hole PEN-20-60 intersected several zones of mineralization from depths of 249 to 495 m downhole highlighted by returned 0.90 g/t Au over 3.0 m, 0.81 g/t Au over 6.0 m and 1.14 g/t Au over 6.0 m. Gold mineralization is associated with disseminated pyrite-arsenopyrite within quartz-veined and variably albite-silica-carbonate altered diorite. The system remains open at depth and assays are pending on two holes that tested the strike continuity of the system on 50 m step-outs.

### *Boundary Prospect*

The Boundary Prospect was identified in 2019 through systematic till sampling and follow-up prospecting that outlined six new gold showings along a three km trend within the eastern portion of the Project. Surface rock grab and channel sampling returned up to 11 g/t Au associated with quartz veined, carbonate-sericite altered mafic volcanic rocks. During the 2020 Phase 2 drill program, GFG completed six holes testing a number of targets along the trend. To date, results have been received for 2 holes that returned no significant intercepts while results from the remaining four holes are pending.

### **Outlook**

Following a significant 2020 exploration program, the Company will now focus on reviewing and analyzing the received and pending drill results and prepare for its up-coming drill program of approximately 5,000 m that is scheduled to begin in late January. The up-coming program is fully funded as the Company maintains a strong cash position of approximately C\$4.3 million.

The Company continues to see significant delays in assay lab turnaround, in some instances over seven weeks, and anticipates receiving the remaining assay results in the new year. Once received, the Company looks forward to providing an update.

### *Departure of Vice President Exploration, U.S.*

The Company announces that Mr. Timothy Brown, Vice President Exploration, U.S., will be leaving the Company effective December 31, 2020 to pursue a new professional opportunity.

Brian Skanderbeg, President and CEO stated: "On behalf of the Company, I would like to thank Tim

for his many contributions at our Rattlesnake Hills Gold Project, and to GFG as whole, over the last four years and wish him much success in his future endeavors”;

Table 1: Selected Results from the 2020 Phase 2 Drill Program at the Pen Gold Project

| Hole ID    | From (m)                     | To (m) | Length (m) | Au g/t | Target       |
|------------|------------------------------|--------|------------|--------|--------------|
| PEN-20-052 | 128.5                        | 130.0  | 1.5        | 0.49   | HGM          |
| and        | 146.0                        | 151.0  | 5.0        | 0.55   |              |
|            | 157.0                        | 159.0  | 2.0        | 0.49   |              |
|            | 168.0                        | 169.5  | 1.5        | 1.24   |              |
|            | 257.5                        | 260.5  | 1.5        | 1.16   |              |
|            | 282.5                        | 287.0  | 4.5        | 0.88   |              |
| PEN-20-053 | 375.0                        | 376.3  | 1.3        | 1.03   | HGM          |
| and        | 384.0                        | 386.0  | 2.0        | 1.17   |              |
|            | 405.5                        | 407.3  | 1.8        | 0.98   |              |
|            | 464.4                        | 465.2  | 0.8        | 0.98   |              |
|            | 482.6                        | 484.2  | 1.6        | 0.47   |              |
|            | 490.2                        | 494.2  | 4.0        | 0.24   |              |
| PEN-20-054 | 15.7                         | 16.4   | 0.7        | 4.56   | Sewell North |
| PEN-20-055 | 224.5                        | 225.0  | 0.5        | 0.72   | Sewell North |
| PEN-20-056 | 176.9                        | 177.6  | 0.7        | 0.47   | Sewell North |
| PEN-20-057 | 87.0                         | 88.5   | 1.5        | 0.50   | Boundary     |
| PEN-20-058 | <i>no significant assays</i> |        |            |        | Boundary     |
| PEN-20-059 | 109.8                        | 111.5  | 1.7        | 1.65   | Nib          |
| and        | 138.5                        | 142.0  | 3.5        | 0.57   |              |
| PEN-20-060 | 148.2                        | 148.7  | 0.5        | 0.62   | Nib          |
| and        | 246.6                        | 249.6  | 3.0        | 0.90   |              |
|            | 268.5                        | 275.6  | 7.1        | 0.30   |              |
|            | 308.4                        | 313.4  | 5.0        | 0.23   |              |
|            | 331.0                        | 337.0  | 6.0        | 0.81   |              |
|            | 374.0                        | 380.0  | 6.0        | 1.14   |              |
|            | 493.0                        | 494.0  | 1.0        | 0.63   |              |
|            | 494.0                        | 495.0  | 2.0        | 0.61   |              |

*\*Gold intervals reported in the above table are at 0.2 g/t cut-off and a minimum 0.5 gram per metre product. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 70-90% of drilled thickness.*

*Click on Figures to Expand Image*

Figure 1: Plan Map of Regional Targets on the Pen Gold Project

Figure 2: Plan Map of Deerfoot Regional Target

Figure 3: Long Section Map of HGM Prospect

Figure 4: Plan Map of Nib Prospect

Figure 5: Cross Section Map of Nib Prospect

About GFG Resources Inc.

GFG Resources is a North American precious metals exploration company focused on district scale gold projects in tier one mining jurisdictions, Ontario and Wyoming. In Ontario, the Company owns 100% of the Pen and Dore gold projects, two large and highly prospective gold properties west of the prolific gold district of Timmins, Ontario, Canada. The Pen and the Dore gold projects have similar geological settings that host most of the gold deposits found in the Timmins Gold Camp which have produced over 70 million ounces of gold. The Company also owns 100% of the Rattlesnake Hills Gold Project, a district scale gold exploration project located approximately 100 kilometres southwest of Casper, Wyoming, U.S. The geologic setting, alteration and mineralization seen in the Rattlesnake Hills are similar to other gold deposits of the Rocky Mountain alkaline province which, collectively, have produced over 50 million ounces of gold.

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#### *Qualified Persons*

Brian Skanderbeg, P.Geo. and M.Sc., President and CEO, is the Qualified Person for the information contained in this press release and is a Qualified Person within the meaning of National Instrument 43-101. Mr. Skanderbeg has reviewed the sampling and QA/QC procedures and results thereof as verification of the sampling data disclosed above and has approved the information contained in this news release.

#### *Sampling and Quality Control*

Drill core samples are being analyzed for gold by Activation Laboratories Ltd. in Timmins, Ontario. Gold analysis consists of the preparation of a 500-gram pulp and an assay of a 50-gram aliquot by Pb collection fire assay with an Atomic Absorption Spectrometry finish (Package 1A2-50). Samples assaying above 5 ppm Au are routinely re-run using a gravimetric finish (Package 1A3-50). Mineralized zones containing visible gold are analyzed by a screen metallic fire assay method. Selected samples are also undergoing multi-element analysis for 59 other elements using a four-acid digestion and an ICP-MS finish (Package MA250) by Bureau Veritas Commodities Canada Ltd. in Vancouver, British Columbia. Quality control and assurance measures include the monitoring of results for inserted certified reference materials, coarse blanks and preparation duplicates of drill core.

Sampling protocols, quality control and assurance measures and geochemical results related to historic till, rock grab, and drill core samples quoted in this news release have not been verified by the Qualified Person and therefore must be regarded as estimates.

#### CAUTION REGARDING FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained in this news release constitute "forward-looking information" within the meaning of applicable Canadian securities laws and

&ldquo;forward-looking statements&rdquo; within the meaning of the United States Private Securities Litigation Reform Act of 1995 (referred to herein as &ldquo;forward-looking statements&rdquo;). Forward-looking statements include, but are not limited to, the future price of gold, success of exploration activities and metallurgical test work, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of exploration work, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as &ldquo;plans&rdquo;, &ldquo;expects&rdquo; or &ldquo;does not expect&rdquo;, &ldquo;is expected&rdquo;, &ldquo;budget&rdquo;, &ldquo;scheduled&rdquo;, &ldquo;estimates&rdquo;, &ldquo;forecasts&rdquo;, &ldquo;intends&rdquo;, &ldquo;anticipates&rdquo; or &ldquo;does not anticipate&rdquo; or &ldquo;believes&rdquo;, or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results, &ldquo;may&rdquo;, &ldquo;could&rdquo;, &ldquo;would&rdquo;, &ldquo;will&rdquo;, &ldquo;might&rdquo; or &ldquo;will be taken&rdquo;, &ldquo;occur&rdquo; or &ldquo;be achieved&rdquo; or the negative connotation thereof.

All forward-looking statements are based on various assumptions, including, without limitation, the expectations and beliefs of management, the assumed long-term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour, and that the political environment within Canada and the United States will continue to support the development of mining projects in Canada and the United States. In addition, the similarity or proximity of other gold deposits to the Rattlesnake Hill Gold Project, the Pen Gold Project and the Dore Gold Project is not necessary indicative of the geological setting, alteration and mineralization of the Rattlesnake Hills Gold Project, the Pen Gold Project and the Dore Gold Project.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of GFG to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: actual results of current exploration activities; environmental risks; future prices of gold; operating risks; accidents, labour issues and other risks of the mining industry; delays in obtaining government approvals or financing; and other risks and uncertainties. These risks and uncertainties are not, and should not be construed as being, exhaustive.

Although GFG has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. In addition, forward-looking statements are provided solely for the purpose of providing information about management&rsquo;s current expectations and plans and allowing investors and others to get a better understanding of our operating environment. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements in this news release are made as of the date hereof and GFG assumes no obligation to update any forward-looking statements, except as required by applicable laws.

Maps accompanying this announcement are available at:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/792afe47-96ea-42ef-8714-c157f66c30a9>

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