



# NORTHERN Equity Research

## High Grade Gold, History, and a Hungry Mill

### *GGX Gold Prospects Could Get A Lot Hotter*

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**H**igh grade gold, history, and a hungry mill minutes down the road. That's the buzz around **GGX Gold Corp.** (TSX-V:GGX).

GGX has set the drills on their Gold Drop property in the historic gold mining region of Greenwood British Columbia. A series of exploration results over the summer shows the presence of a high grade, near surface, multi-vein gold system. And with the world's fifth-largest gold producer running out of ore just down the road, things could get a lot hotter for GGX prospects.

GGX Gold Corp. is now hard at work at the Gold Drop Property in southeastern British Columbia, Canada in the Greenwood District. The Greenwood mining camp comprises more than 25 former mines, including the Phoenix mine, a world class open pit copper-gold skarn deposit; and similar smaller producers such as Mother Lode, Oro Denoro, and Greyhound, and several significant polymetallic vein deposits, and more than 120 surrounding mineral prospects.

GGX has reported up to 159 grams per ton of gold and 744 grams per ton of silver from trench samples taken from the property. Miners have been on the Gold Drop for a hundred years. The property has produced gold in past—low hanging fruit by small time operators using antiquated methods. But GGX is the first outfit to run a comprehensive, modern day, property-wide program.

The promising exploration results, along with the close presence of the world's fifth largest gold producer, Kinross, had spiked investor interest in GGX, in part because the Kinross

Kettle River gold mill, located only 60 kilometres from GGX, is about to run out of feed stock and is now scrambling to get new ore.

GGX anticipates that the Gold Drop, with its high grade, shallow mineralization, will ultimately prove to be an economically advantageous source of gold and silver ore.

Near surface, high grade gold, a history of production, a hungry mill under an hour away, and the world fifth largest gold company in desperate need of new sources of ore parked right next door.

In coming weeks we'll be looking for more results from phase two and plans for the launch of phase three exploration on GGX's Gold Drop property.

#### **The Gilded Story of the Gold Drop**

Located about 9 kilometres northeast of the town of Greenwood, in Southern British Columbia, near the historic mining centre of Trail, the property comprises 9 crown grants and 11 mineral claims that together cover an area of approximately 2150 hectares—more than 8 square miles.

The Gold Drop's history winds along a more-than 100 year path to the present. Mined intermittently by different owners from 1919 to the 1980s, most of its production came out prior to 1942.

The property is known to host multiple veins. Historical production totals 7572 tonnes at an average grade of 5.2 g/t Au and 93.4 g/t Ag from three main veins (Amandy, North Star and Gold Drop). The average mined grade is significantly affected by a large volume of very low grade material that was removed from the

North Star mine in 1934-35. Omitting production from these years, the average grade for the remaining 2505 tonnes mined from the property is 13.1 g/t Au and 133.7 g/t Ag. There was also limited mining at the Roderick Dhu vein in 1940 (25 tonnes mined at 19.9 g/t Au and 275 g/t Ag).

Historic work on the property can be divided into three periods, an early period of activity in the late 1890s and early 1900s when most of the veins were discovered, a period of work in the 1930s and 1940s when most of the underground development work was done and when most of the historical production was achieved, and a more recent phase from 1980 through to the present when limited surface and underground exploration work was carried out.

Most of the historic work was geared towards finding ore zones along veins that could be mined. Only very minor trenching and drilling has been done, and systematic property-wide exploration work is lacking.

That's where GGX comes in.

#### **GGX Makes Major Advances on Gold Drop**

In October 2016, the company, previously known as Revolver Resources, announced a change of name to GGX Gold to better reflect its go forward position. Revolver had been a mineral exploration company in past, but not nearly as focused on gold.

It was in July 2016, as Revolver, that GGX acquired the Gold Drop property position. The company struck an option deal with Ximen Mining Corp. under which the GGX may

earn a 100 percent interest in the Gold Drop property by making certain staged cash payments and share payments of common shares in the capital of the Company to Ximen over a four-year period. Complete details of the agreement are available on the GGX website.

In May, the company released details of its 2017 work program. The program would take into scope six veins. Of particular interest was an area of high grade gold and silver mineralization discovered in 2015 at a trench at the North Star vein. Grab samples from this trench returned 159 g/t Au and 744 g/t Ag, 12.2 g/t Au and 78 g/t Ag; and 12.5 g/t Au and 100 g/t Ag.

At the end of May, GGX expanded the Gold Drop property to the west by staking additional mineral claims. The company also reported it had located historic workings during the month in the area of COD vein, including shafts and trenches uncovered by recent logging activity. The COD shaft, approximately 20 metres deep, is reported to have returned 20.8 g/t Au and 115.6 g/t Ag in 1988.

During the next weeks, GGX unearthed over 80 meters of vein on both sides of the COD shaft. The company also went to work trenching the Clare Extension, immediately NE of the COD shaft, and on strike with a recently discovered outcrop located over 680 meters away that returned 14.1 g/t gold.

Things got even more interesting in June, when excavator trenching program doubled the size of exposed vein from 80 meters to 160 meters along strike.

By the end of July, the company had in hand results from more than 100 channel samples, taken in previous weeks, including the final batch of 52, all gold bearing, with values up to 43.2 g/t gold and 224 g/t silver.

GGX put the drills to work in July, targeting a 15-hole program totalling 2,500 feet (762 meters) on the COD vein in the Gold Drop Southwest zone. The program aimed to confirm mineralization in the first section of the exposed vein under the series of channel samples taken earlier.

Then, in late July GGX discovered a new gold and silver bearing quartz vein in the Gold Drop South West zone. The vein, now referred to as the Everest Vein, was discovered by hand pitting a zone of local quartz float, which resulted in exposing the vein in-situ. The initial grab sample of the vein from the hand pit returned assays of 34.1 g/tonne or 1.0 Troy ounces/ton of gold and 233 g/tonne silver.

After reviewing results from the first 15 drill holes combined with the positive results received from the second batch of channel samples, management initiated a second phase drill program.

By the end of August, the lab had provided results from the first batch of chip and grab samples along the newly discovered Everest vein, with values up to 81.8 g/t gold and 630 g/t silver. In addition, the initial results from the first drilling phase came in with up to 24 g/t gold and 192 g/t silver.

Results from the second phase of drilling returned a more impressive section of 16 metres of 4.59 g/t gold and 38.64 g/t silver.

Drills continue to turn on the property, with a series of additional results expected prior to Christmas.

In the past several months, GGX has done more extensive work on the Gold Drop property than at any time in its history—and the results are beginning to finally reveal the true potential of this holding.

#### **People in the Know**

As is always the case with venture class initiatives, management and directors amount to a key factor in investment choices.

GGX people have proven track records in mining and finance, the two critical areas of experience required for a winning exploration and development company.

#### *Barry Brown, President CEO and Director*

Since 1978, Mr. Brown has been president of Barry Developments Ltd., a wholly owned private company involved in the organization, reorganization, and management of private and public companies. Mr. Brown has over 35 years of experience as a director and/or officer of a number of public companies. Mr. Brown received a bachelor of commerce in finance from the University of British Columbia in 1976.

#### *Quinn Field-Dyte, Director*

Mr. Field-Dyte has over 10 years of experience in the financial industry, having served from 1996 to 2001 as an investment adviser and later as a consultant to Raytec Development Corp. He currently sits on the board of directors for numerous TSX Venture Exchange-listed companies in the metals and mining industry.

#### *Scott Kent, Director*

Mr. Kent brings to the team over 20 years of experience providing public relations counsel to various sectors including mining and manufacturing. With emphasis on corporate communications, his sales and marketing experiences are a welcomed asset. Mr. Kent currently sits on the board and acts in a corporate secretarial role for multiple publicly traded companies.

#### *Zeny Manalo, Consultant and Accountant*

Ms. Zeny Manalo has acted as a director and officer of junior companies for over 25 years. She has been self-employed acting as an administrative consultant and accounting for public and private Canadian and US companies.

#### *Advisor*

*Campbell R. Delong, M.Sc. Geology*  
Campbell (Cam) Delong has been credited for a key role in the discovery and development of the Mount Milligan Mine, currently owned by Thomson Creek Metals. The Mount Milligan Mine has 2.2 Billion pounds of copper in proven and probable reserves, 5.7 million ounces of gold in proven and probable reserves, and a twenty-two-year mine life. Cam worked as a geologist with Hunter Dickinson Inc. from 1989 to 1998 as part of the Continental Gold team. Cam wrote a M. Sc. Thesis (UBC) on the Mount Milligan Mine. Cam also played key roles in the El Condor, Taseko projects in BC and the Farallon project in Mexico. Cam was also a geologist for RPS from 1999 to 2009 working in Gabon, Equatorial Guinea, Egypt, Mexico, and Indonesia. Cam was responsible for several discoveries during this 10 year tenure. Cam has spent the past 7 years (2009 to

2016) advising mineral companies globally on how best to advance their assets.

#### **Surrounded by Success**

Kinross and Golden Dawn both have significant presence in proximity to GGX's Gold Drop.

Both companies will likely require additional feed stock for mills.

Golden Dawn's newly acquired Greenwood mill is located four kilometres from the Gold Drop property. It was built in 2007 by Merit Mining and operated between April and December, 2008 processing material from the Lexington and Golden Crown mines. In that time the Greenwood Mill processing 5,486 ounces gold, 3,247 ounces silver and 860,259 pounds of copper. The mill closed in December 2008 in part due to the financial crisis and lack of financing.

The Greenwood Mill was purchased by Golden Dawn Minerals along with the Lexington and Golden Crown mines in November 2016. It has a The mill has a 200 to 400 tpd capacity.

Kinross' Kettle River-Buckhorn is a small footprint underground operation located in northern Washington state near the Canadian border.

The mine has been one of the lowest cost, high grade operations in the Kinross portfolio.

Ore is mined at Buckhorn and trucked to the Kettle River mill, which has a 1,800 tonne per day capacity. Kettle River-Buckhorn began operating in 2008 and poured its one millionth ounce in late 2014.

While the last batch of ore was hauled from Buckhorn in July, the mill is expected to continue to process stockpiles, with minimal production expected in the third quarter. The small-footprint, high-grade underground mine performed strongly during its nine year mine life and exceeded expectations, with mine life originally slated to end in 2015. Exploration in the region continues in 2017.

The mine is expected to reach the end of its mine life in Q3 2017, meaning Kinross needs feed stock to keep that mill in operation.

Kinross just happens to be GGX's nearest neighbour at Gold Drop, and surely must have an eye on the property.

At this stage in development GGX ballparks cost per extracted ton of ore from the Gold Drop at \$45 per ton. With current prices for ore at \$600 to \$800, there's plenty of margin if the property were to ever go into production.

#### **Look Ahead**

At present GGX expects to be able to carry on exploration activities until the snows fly, perhaps as late as the end of November. Once the ground is covered with snow drills can still operate on winter targets based on GPS data.

There is a large batch of core 60 samples now at the lab, and the company is bringing a second drill onto the property.

One of the rigs will turn on the Everest Vein the other on the eastern side of the C.O.D. Vein, which the company suspects extends for up to 1.2 km.

All of this means that we can expect a steady stream of news from GGX for the next six months at least.

#### **Cash Cow**

In October, 2016 GGX joined a private Syndicate. The syndicate was formed to focus on generating and staking precious metal properties in the Golden Triangle in Northwest BC. All qualifying properties will be made available for option to qualified parties.

The cash cost of joining the syndicate amounted to \$250,000 for GGX's participation in 14 projects. That would appear now to have been smart investment.

With six projects still remaining, GGX's nine percent of the partnership is valued at approximately \$2.5 million at present.

That value amounts to non-dilutive funding for the company going forward and additional project opportunity.

It provides GGX with diversification and a stronger value foundation.

#### **Summary**

With exploration still underway and a stream of good news results flowing from the Gold Drop property, GGX will be a story to follow as we roll through to next spring.

Analysis of core now at the lab will could propel GGX forward even as the company puts two drills to work on the two most promising veins on the property. If the company can work through November, results will continue to be announced through the first quarter of next year. That means seasonal buying opportunities will be available during tax loss

selling season and the year end quiet time.

The company has under 28 million shares out, fully diluted. It has a promising prospect in the Gold Drop. It has been and will, it's fair to speculate, continue to flow good news to the market as results become available.

It is in proximity to infrastructure, including two mills that will need feed stock. It shares the neighbourhood with giant Kinross, who desperately need new sources of ore for their Kettle River mill.

GGX is well-funded through their participation in private partnership, meaning equity dilution should not become a factor.

All in, it's hard to find something not to like about this junior gold exploration and development company.

Due diligence on this one looks to be well worthwhile, contact the company or ask your financial advisor if an investment in GGX Gold is right for your portfolio. \*

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