

Struthers Report V25 # 10.4 Zonte has more potential than any other junior? Sept., 19/19

Why does Zonte Metals have more potential than any other junior mining explorer?

I have received numerous questions lately about why I see such large potential with ZON's Cross Hills IOCG project. Before I answer that, you need to know much more about the company's history and corporate philosophy.

CEO Terry Christopher is a staunch believer in protecting and increasing shareholder value while avoiding share dilution. ZON's track record speaks for itself. The company is 10 years old now and only has approximately 52 million shares out. During that period, the junior mining market experienced the worst bear market in its history. The [XAU gold&silver index](#) declined from 230 in 2011 to a low of 38 in 2016. An unprecedented -83.5% decline. At 72 today, performance has been dismal.

This bear market destroyed most junior miners. They blew up their share structures and many have done roll backs in the order of 5 to 1, up to 20 to 1. Shareholders were wiped out. During that period, Zonte did the opposite and actually did a forward 2 to 1 split. During the lean years, Christopher and management took little or no pay and deferred salaries. Even today, CEO Christopher sees the share price too low to convert his back salary into shares. Again another very rare corporate philosophy.

Zonte is not well known because there has been no newsletter coverage, other than myself. Again a rare event, Christopher avoids paying these promoters with fees or stock. History has shown that this often ends up diluting the share structure for short term gains as the shares are eventually blown out on the market.

CEO, Christopher is an experienced BSc. Geologist with past discoveries under his belt and a PH.D. in geochemistry. He evaluates all the projects for the company and has looked at 100s. He will only move on a project if it has very large potential and he can secure a good deal for shareholders. Once again the track record speaks for itself. This is also a rare occurrence with a junior miner to have four high quality-potential projects. I will just touch briefly on the other three that team up with Cross Hills, IOCG.

[Wings Point NFLD, 2525 hectares, 100% owned](#) – is based on disseminated bulk tonnage mineralization exposed in an operating rock quarry, a Nevada Carlin style gold target. This was the company's 1st project and is drill ready with two targets identified. **Shawn Ryan of Yukon gold fame, left the Yukon to come to NFLD and has staked property right to the Wings Point border.** Zonte had already evaluated those claims and more, but decided to keep the Wing's claims with the most potential. Wisely Zonte did not dilute their share structure to drill this property during the severe bear market. Instead Christopher evaluated over 100 projects, many in Colombia while most junior miners were hiding under their desks in the bear market.

This resulted in the **[acquisition of partial claims over AngloGold/B2Gold's Gramalote deposit.](#)**

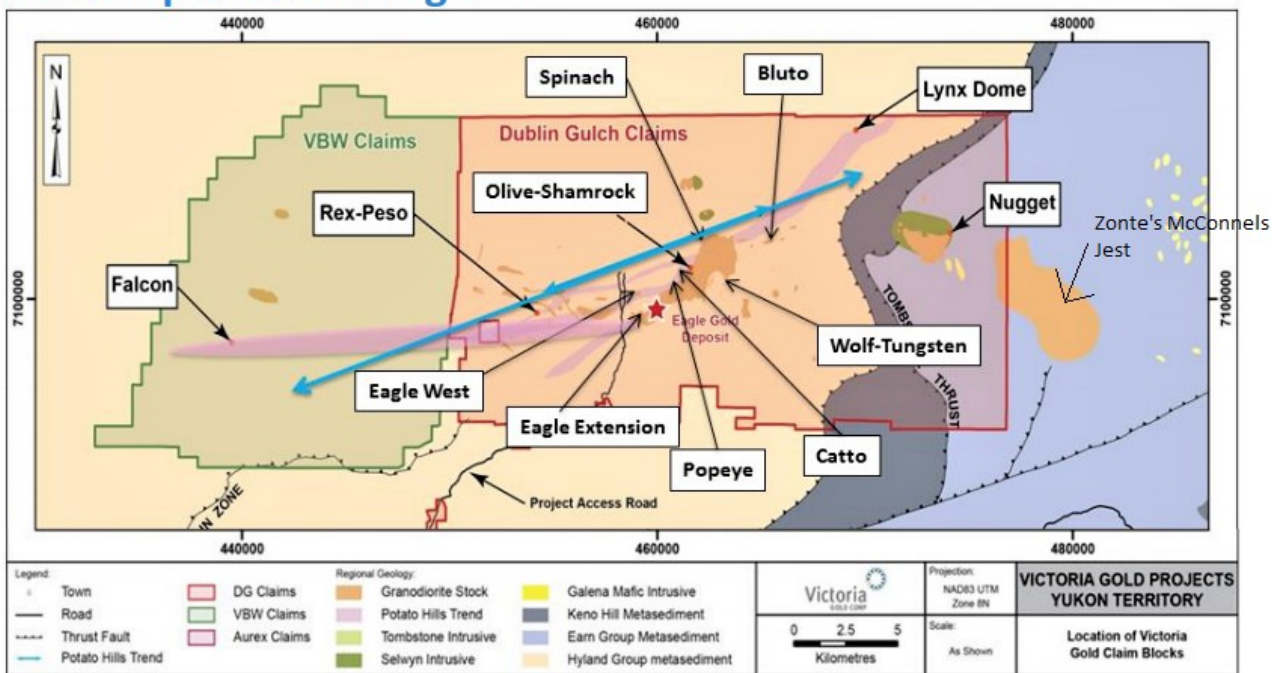
Gramalote has a mineral resource of 5 million ounces gold with potential up to 7 million. AngloGold made a very costly mistake when they originally staked the property and left open ground. Zonte with the help of local partners identified this and applied for these open claims in 2013. Since then, AngloGold has been attesting Zonte's claims in court to no avail. AngloGold has advanced the project and is now in final feasibility. The next phase is construction but that will be impossible because the Colombia judge has ordered that no work can be done on the attested claims until the dispute is resolved. The attested claims are right over the middle of the proposed open pit and other claims where AngloGold is planning mine infrastructure. There is [past precedent of settlement of fractional claims with Galway Resources for \\$300 million.](#) I estimate that Zonte will eventually settle on this for between \$50 and \$200 million. AngloGold and B2Gold are not talking about this but AngloGold identified the risk in [their pre feasibility](#) and you can find some [outdated info on Gramalote at B2Gold.](#)

[McConnells Jest, Yukon](#) is a 3,371 hectare property located adjacent to Victoria Gold's 6.3 million ounce Dublin Gulch project just started commercial production in September 2019. McConnells is a look alike to Victoria's

Dublin Gulch, Eagle pluton except the pluton at McConnells is about 2 times larger and the top is intact, both very positive aspects. Zonte's first drill program was in 2017 and they made a discovery on the 4th drill hole. Drill hole MJ-04 hit 20.45 meters of 0.72 g/t gold and further down another 20.28 meters of 0.69 g/t at the bottom of the hole. Zonte would have likely hit more gold if the hole was continued deeper and the 0.72 g/t and 0.69 g/t compares very similar to Victoria's 0.67 g/t grade at Dublin.

This graphic is from [Victoria Gold's presentation](#). I highlighted Zonte's pluton adjacent to Victoria Gold's property boundary.

2018 Exploration Program



- **Bluto – Au**
1940m DDH
1,500m Trenches
1610 Soils
- **Nugget – Au + Ag-Pb**
946m DDH
3,000m Trenches
2552 Soils
3D IP Survey
>8 km Access Construction
- **Olive-Shamrock – Au**
1921m DDH
2,500m Trenches
- **VBW-Falcon + Hawk- Au**
2,000 Soils
Mapping and Chip Sampling
Access Assessment
- **Hawk – Au +Base Metals**
2037 Soils
Recon and Assessment
Mapping and Chip Sampling

Furthermore, Victoria Gold has made a new discovery at Nugget, very close to Zonte's border and the same presentation is suggesting this is the next Eagle deposit on the property. Perhaps Nugget and McConnells are one big pluton connected underground?

While Zonte will get a big settlement in Gramalote from AngloGold some day and McConnells is a new discovery that I am confident will some day be a mine, the focus is now on Zonte's Cross Hills IOCG discovery in NFLD. The Wings project could be another discovery but we need to see some drilling. It is very expensive for exploration in the Yukon, so Zonte's strategy is to let Victoria Gold build their mine adjacent to them and improve the infrastructure, thus reducing exploration costs when Zonte returns. Zonte can explore in NFLD where they have very good infrastructure for half the cost and besides as some would say, Cross Hills is a much much larger fish to fry.

Iron Oxide Copper Gold (IOCG) Deposits

These can be monster sized deposits. The Olympic Dan has 95 million ounces of gold and billions and billions pounds of copper and they hardly scratched the surface. Mining Giant BHP that runs the mine recently commented that there is over 200 years mining life left. This is unheard of in mining, even 100 years is unheard of, and there might be the odd mine that has close to 50 years.

[BHP has discovered another IOCG system](#) about 65km SE of Olympic dam. BHP said the drilling, which included an eye-catching 425.7m of mineralization grading 3.04 per cent copper and 0.59 grams per tonne gold, appeared to be an iron oxide copper gold system. Again note the monster size of the drill hit.

There are none of these mines in Canada and not one of any size in North America. They just are not expected to be here so nobody, especially junior mining investors know much about them. There are several Iron Oxide mines and deposits in Canada but none with copper and gold. There is one small IOCG deposit in the NWT. The large ones are Olympic Dam in Australia, obviously, and some others in South America.

No sir, no IOCGs in Canada. The same was true for diamonds and large nickle deposits on the East Coast. However despite what the nay Sayers said about diamonds in Canada, back in the 1990s, the Diavik Diamond Mine was discovered and is now one of the [largest diamond mines in the world](#). Voiseys Bay in Labrador was actually stumbled upon while exploring for diamonds when geologist spotted an anomaly on the ground from a plane trip back from diamond exploration.

What these had in common was that they were not suppose to be there and were unexpected and because of this, the two discoveries set off the largest mining exploration rushes in history. The only large gold rush since these two, was BreX, but that turned out to be a scam. In the gold bull market from 2004 to 2011, there was a general rush all over the place but no huge discovery or concentration in any one area. Large discoveries have become very rare. **Cross Hills has the size potential to trigger a huge mining rush.**

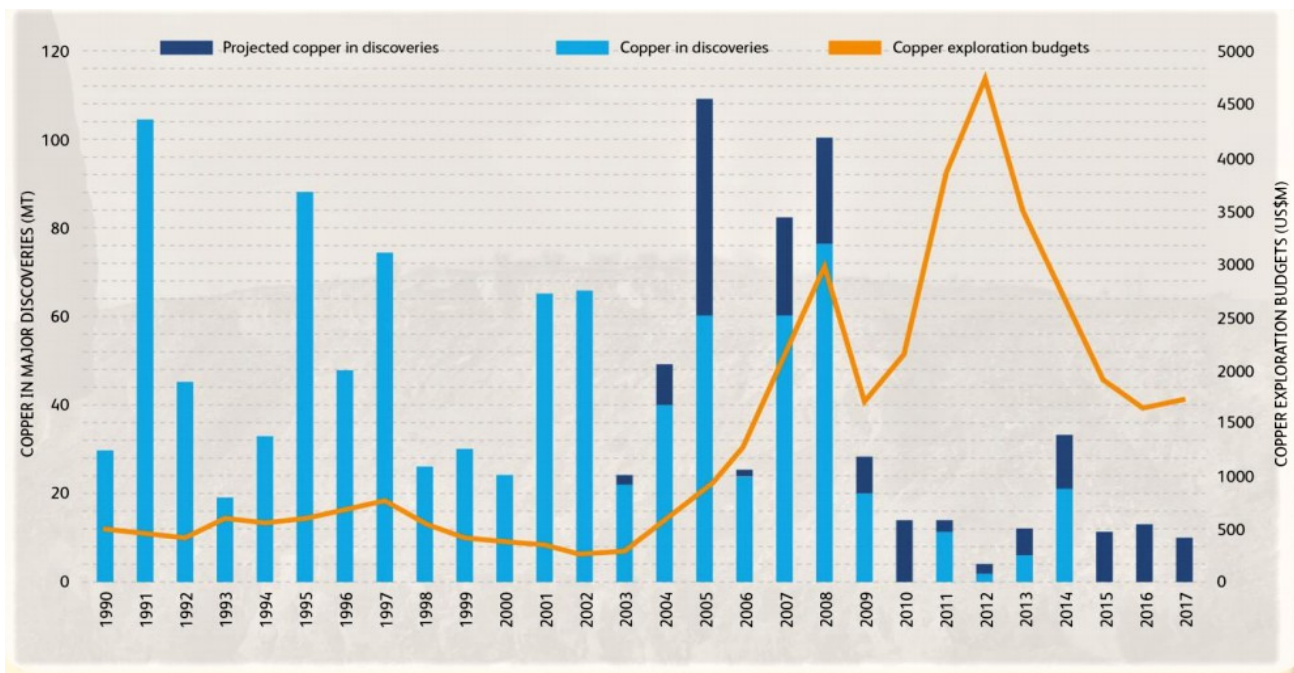
[Explorers have allocated US\\$54.3 billion](#) to gold exploration over the past decade, 60% higher than the \$32.2 billion spent over the preceding 18 years. Despite the effort, just 215.5 million ounces has been discovered in 41 discoveries over the past decade, compared with 1.72 billion ounces in 222 discoveries in the preceding 18-year period.

Over half of that amount is contained in just 10 discoveries, with Zhaojin Mining Industry Co's 16.4Moz Haiyu deposit in China the largest. Other deposits in the top 10 including Barrick Gold's Goldrush, White Rivers Exploration/Harmony Gold's JV, SolGold's Cascabel and Cardinal Gold's Namdini.

SolGold TSX:SOLG is a junior with a project in Ecuador that has an Indicated resource of 8.4 million tons copper at 0.41% and 19.4 M ounces gold at 0.27 g/t. There is quite a bit of political risk with a possible mining referendum being implemented and the resource has to be upgraded to measured & indicated, even so there are about 1.85 billion shares out and a market cap of \$1.1 billion.

Cardinal Gold, TSX:CDV is in Ghana Africa and has a resource at only the indicated stage as well, with 6.5 million ounces at 1.1 g/t. They have almost 400M shares out and a market cap at \$135 million.

There has not been any major discoveries by juniors for many years, other than highlighted above with SolGold, but already valued at \$1.1 billion in a bear market. The chart next page is from SolGold's presentation and what is **so astounding is the lack of copper discoveries despite soaring exploration expenditures.**



Why does Zonte's Cross Hills have potential to be a very large IOCG discovery?

1 - IOCGs usually occur in clusters. So far Cross Hills has 4 Iron Oxide magnetic anomalies, Dunns, Carols Hat , Nine Mile and K6. There is significant evidence that more exist.

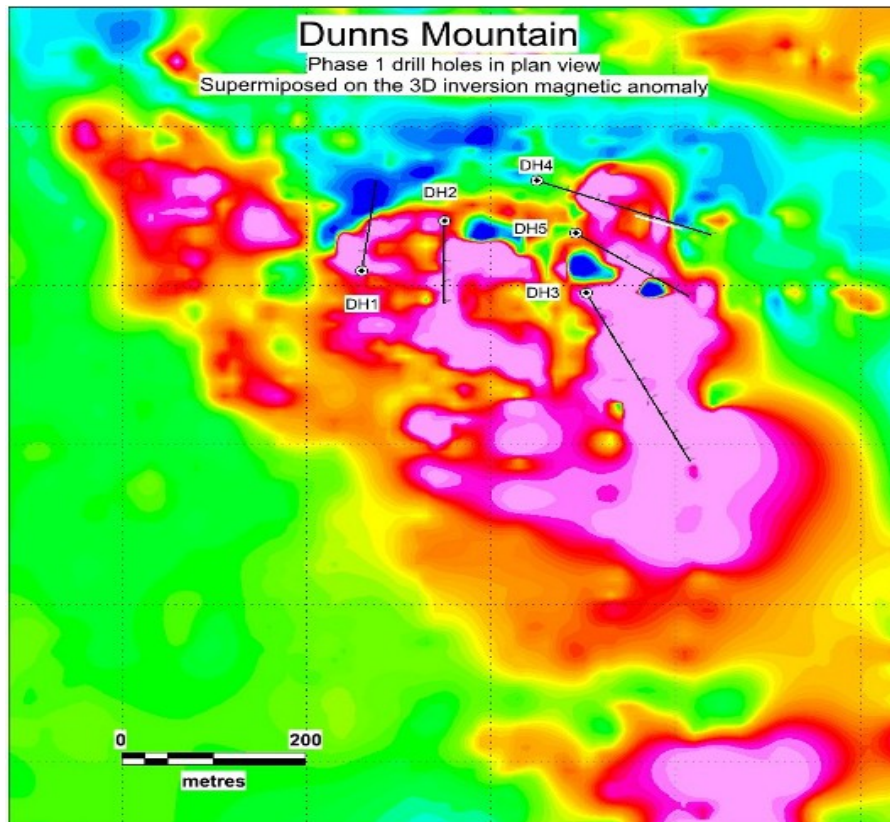
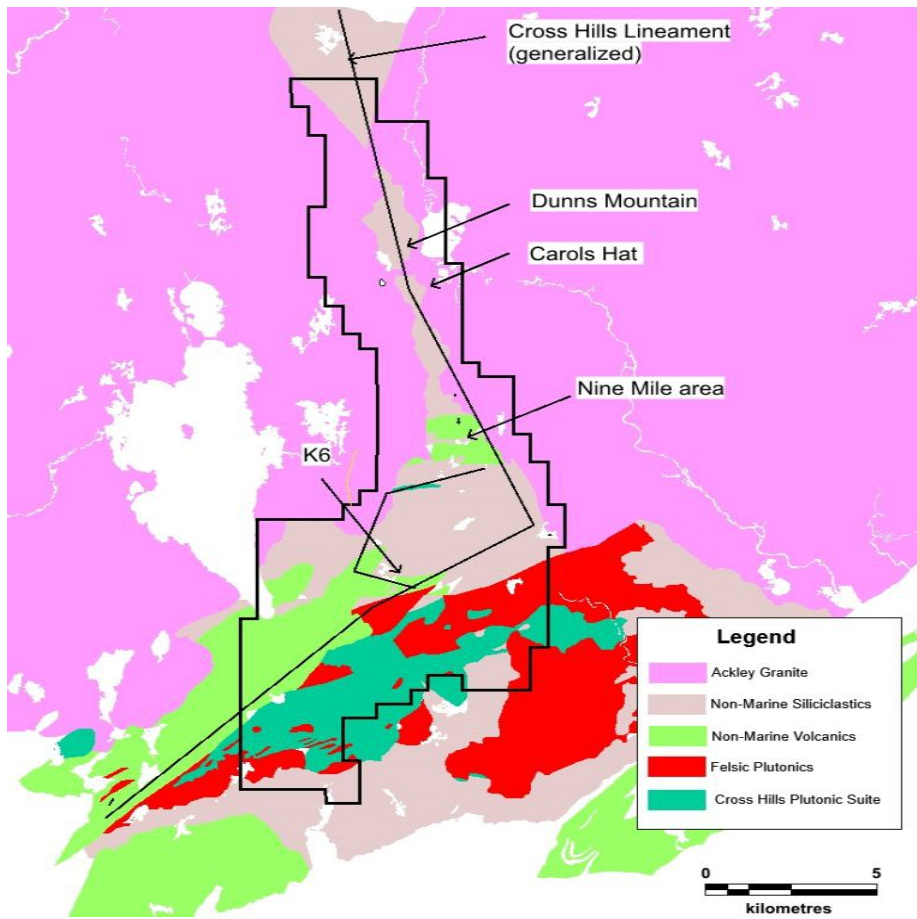
2 - IOCGs must have copper and gold to be the most economic. Zonte has found copper, gold and silver at surface on all four anomalies. **This is rare, seldom IOCGs are discovered with surface exploration.** Most cases it is with deep probing magnetic and gravity surveys. Zonte hit significant mineralization in 2 of the first 5 drill holes on the first drilled target, Dunns. Drill hole DH19-004 hit four narrow intersects between 0.43 and 1.75 meters. All contained copper, gold and silver with the best at 15.8% copper. 352 g/t silver and 14 g/t gold. **While very early, intersects indicate more gold&silver than copper.** Drill hole DH19-005 also had two narrow intersects of lower grade copper, silver and gold.

3 – Copper/gold mineralization in IOCGs can occur within the iron oxide anomalies or on the peripheral or transition zones of those anomalies. On Zonte's first drill target, Dunns, the drill intersects were in the transition zone. This also fits the characteristic of IOCGs. The other targets at Cross Hills could be the same or in contrast might be mineralized within the iron oxides.

4 – Gravity surveys are often used on IOCGs to find targets on the transition to the magnetic highs. These surveys can identify denser rock that usually means sulphide mineralization. Currently Zonte is running 160 kms of gravity survey lines an all four targets and areas in between.

Summary – No question that Zonte has a mineralized IOCG system at Cross Hills. The question now or challenge is to find a large enough zone to be economic. Keep in mind that Cross Hills has strong infrastructure so being economic can be easier. If no deposit is found at Cross Hills, the company has a discovery at Jest in the Yukon beside a new mine and another drill ready project in NFLD called Wings. Positive developments could come from a Gramlote settlement at anytime out of the blue. The most important factor, at the current 28 cents and \$14.5 million market cap, little success or speculation is built into the stock price. The upside potential is many multiples the down side risk.

Next page, I pasted in two graphics of Cross Hills to give you a better idea of the project.



I own a good chunk of the stock, so obviously I can be considered biased. I gave my reason why above and provided many links for you to do your own DD.

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